FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,112 Tuesday September 6 1983 D 8523 B

How the Danish welfare state is changing, Page 3

NEWS SUMMARY

GENERAL

Militias escalate Beirut fighting

U.S. Marines in the peacekeeping force based around Beirut's battered airport were put on the highest state of alert in the face of intense artillery duels involving rival militias and the Lebanese army.

Christian militia troops came under increasing attack in the mountains above Beirut as Druze fighters moved against their positions. Mountain theatre for Beirut's drama, Page 5

Missile talks resume

The U.S. and Soviet Union resume European missile talks in Geneva today, as the major East-West row over the shooting down of a South Korean airliner continues.

Pope's message

Pope John Paul denounced homosexuality, premarital sex, artificial birth control, abortion and campaigns for the ordination of women priests, in a message to 25 American bishops visiting the Vatican.

Black union banned

The government of the nominally-independent tribal homeland of the Ciskei has banned the South African Allied Workers Union.

Weinberger visit

Mr Caspar Weinberger, the U.S. Defence Secretary, leaves Washington today to inspect military forces in Panama, El Salvador and Honduras. Page 4

Swedish choice

The Swedish Liberal Party is expected to elect Mr Bengt Westerberg, a former under-secretary of state for industry and economic affairs, as its new leader at a party congress next month. Page 2

Shamir hitch

Negotiations over the preservation of Israel's coalition Government have run into difficulties, despite an agreement in principle by the coalition partners to support Mr Yitzhak Shamir for Prime Minister. Page 5

Pakistani arrests

Armed police arrested seven members of the banned Pakistan People's Party when they returned to Pakistan to lead a campaign for democracy in their native Punjab province.

Sahara killings

The Polisario Front, fighting for independence in the western Sahara, claimed its guerillas killed 307 Moroccans and wounded more than 400 in an attack near Smara in the disputed territory.

Soviet escapee

The Swiss Government has applied to the West German authorities for the return of Yuri Vashchenko, a Soviet soldier captured in Afghanistan who escaped from internment near Zug.

Irish abortion verdict

More than two-thirds of Irish voters will support a constitutional amendment outlawing abortion in a referendum on Wednesday, according to an opinion poll.

Briefly . . .

Four Indian opposition parties have formed an alliance.

Chilean exiles and Catalan leftists occupied Barcelona's Chilean consulate marking the 10th anniversary of Chile's military coup.

John Gilpin, the British choreographer married to Princess Antoinette of Monaco, died in London. Page 8

BUSINESS

Philips 'to lift stake in Grundig'

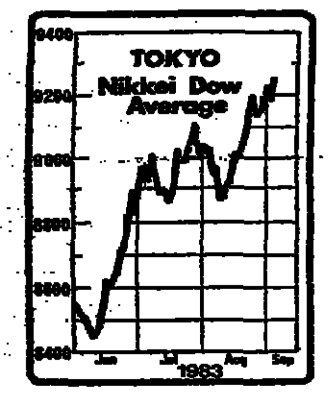
● GRUNDIG, the West German television and video recorder producer, expects Philips, the Dutch-based electrical concern to increase its stake in the company from 24.5 per cent to a blocking minority of 25 per cent in the near future, and possibly to later gain a majority shareholding. Page 12

● DOLLAR fell in London to DM 2.684 (DM 2.695), to SwFr 2.177 (SwFr 2.188), FFr 8.0775 (FFr 8.1025) and to Y246 (Y246.75). Its trade-weighted index was 129.1 (129.4). Page 29

● STERLING rose 45 points from Friday's close against the dollar to $1.5. It slipped against European currencies to DM 4.0275 (DM 4.0325), SwFr 3.265 (SwFr 3.275) and FFr 12.11 (FFr 12.115). It also closed lower against the yen at Y369.25. Its trade-weighted index was 85.4 (85.3). Page 29

● GOLD rose $1.75 an ounce from Friday's close in London to finish at $419.375. Page 28

● LONDON: the FT Industrial Ordinary Index finished 7.4 higher at 713.2 on subdued trading influenced by the U.S. holiday. Longer-dated gilts made the biggest gains, ranging to ⅝ in some high-coupon stocks. The shorts were rarely more than ¼ dearer, while index-linked issues were slightly higher. Report, FT Share Information Service, Pages 27–29.



● TOKYO: Share prices rose in Tokyo yesterday, encouraged by economic news from the U.S., according to stockbrokers. The Nikkei Dow index put on 27.44 points to close at a record high of 9,252.21. Stock Exchange index rose 3.35 to 682.9. Report Page 21, leading prices, other exchanges Page 24.

● WALL STREET: U.S. and Canadian markets were closed for the Labour Day holiday.

● WORLD TRADE volume fell about 2 per cent last year and a joint international initiative to liberalise trade policy is needed to revive it, according to a report from the General Agreement on Tariffs and Trade. Page 6

● U.S. AGRICULTURE officials say one of the country's worst droughts has caused a multi-billion dollar farming disaster.

● JAPAN is to explore the possibility of buying Alaskan oil when the law banning its export expires at the end of this month.

● SWISSAIR, whose net earnings dropped by 29 per cent last year to SwFr 38.5m ($17.6m) expects to return to about the 1981 profits figure of SwFr 54.3m this year. Page 13

● DANISH manufacturing industry's delivery volume was 5 per cent higher in the three months May–July, compared with the previous three-month period and 4 per cent higher than for the same period last year.

● JAPANESE consumer electronics sales to West Germany rose 9 per cent to DM 1.11bn ($411m) in the first half of this year with West Germany taking 37 per cent of Japanese video and audio products exported to the European Community. Page 7

Soviets link jet uproar to cruise deployment

BY ANTHONY ROBINSON IN LONDON AND DAVID HOUSEGO IN PARIS

THE SOVIET Union last night accused Washington of fanning hysteria over the shooting down of a South Korean 747 airliner in Soviet airspace in order to facilitate the deployment of new U.S. missiles in Western Europe.

A statement by the Tass news agency said "this deliberate provocation is called upon, in accordance with Washington's plans, to bring about a further aggravation of the international situation, to obstruct arms limitation talks and create such conditions whereby the United States would manage to attain military superiority over the Soviet Union so as to dictate its will to it."

This bitter attack was closely followed by an evening news report on Soviet television that came the closest yet to admitting that Soviet forces had shot down the plane. The newsreader said "our anti-attack defence forces fulfilled their duty in defending the security of the motherland."

The Tass statement came a few hours before President Ronald Reagan was due to make a broadcast outlining the steps which the U.S. proposed to take over the incident and followed news that the planned visit to Paris of Mr Andrei Gromyko, the Soviet Foreign Minister, had been postponed.

Last night, Canada became the first of the U.S. allies to react to Washington's call for retaliatory action against the Soviet Union. It suspended all flights into the country by the Soviet airline Aeroflot for 60 days. Mr Allan Maceachen, the External Affairs Minister, said that Soviet aircraft would also not be allowed to refuel at Gander, Newfoundland, as had been planned.

Ten Canadians were among the 269 people who lost their lives when the South Korean jet crashed last week.

The latest Soviet accusation contrasts with U.S. statements to date that the U.S. has no intention of breaking off the Geneva arms control talks as their importance transcends the rise in international tension provoked by the Korean aircraft incident. It also contradicts an earlier statement by the chief Soviet negotiator in Geneva, Mr Yuli Kvitinski, that the latest incident should have no bearing on the talks.

In Paris, Foreign Ministry officials said that the planned meeting between Mr Gromyko and M Claude Cheysson, the French Foreign Minister, had been put off until the end of the week by mutual agreement. The French made clear, however, that the initiative had come from Paris.

Western diplomats in Moscow added that the postponement gives the Soviet Politburo more time to prepare its position prior to the meeting between Mr Gromyko and Mr George Shultz, the U.S. Secretary of State, in Madrid, on Thursday.

In spite of the strong feelings of indignation expressed in official statements, European nations were yesterday taking a more cautious view than that of the Canadians. The French Foreign Ministry said that there was no question of Paris taking any reprisals against the Soviet Union.

It was pointed out that Aeroflot flights to the U.S. had already been suspended and that such a sanction would affect European countries and not the U.S.

Officials in Brussels expressed doubts about the Europeans joining in civil aviation sanctions, as they would harm Western countries just as much as the Soviet Union. British officials were also sceptical about the desirability of applying sanctions, although their condemnation of the Soviet Union continued to be strongly expressed.

Jonathan Carr writes from Bonn: The West German Foreign Minister, Herr Hans Dietrich Genscher, said in an interview yesterday that the Soviet act had raised a problem for all countries.

There was some anxiety in European capitals last night that the issue might open up another damaging rift in the Western alliance, if the U.S. declared itself in favour of certain measures and then insisted that its allies adopted them.

Conflicting claims, Page 4; Effect on Soviet Far East plans, Page 12

German economy returns to growth in first half

By Jonathan Carr in Bonn

THE WEST GERMAN economy is growing again in real terms – after allowing for inflation – following two successive years of decline. The latest unemployment figures are also mildly encouraging.

According to the Federal statistical office yesterday, gross national product (GNP) rose by just 0.1 per cent in the first half of this year, against the corresponding period in 1982.

The increase is more impressive than it appears at first sight. Real GNP fell by 0.4 per cent in the first quarter but there was a relatively sharp rise of 0.7 per cent in the second.

The figures indicate that the Government's forecast for economic growth this year – "about zero in real terms" – will be too cautious. Several economic institutes are already predicting that the 1983 growth figure will be between 0.5 per cent and 1 per cent in real terms.

Jobless figures, also released yesterday, show that the number of unemployed fell last month by 6,000 to 2.2m. This is the first time the total has fallen in August for four years.

Despite the slight drop in the total figure, the unemployment rate (jobless as a percentage of the dependent labour force) remained at the July level of 8.9 per cent.

Moreover, the average number of unemployed in the first eight months totals 2.3m – about half a million more than in the same period of last year.

Evidence of the mild upturn in the economy also emerges in latest industrial production figures, showing a seasonally adjusted increase of 3 per cent in June-July, against April–May.

Despite these encouraging signs, there are some big shadows, especially the weakness of export demand and the gradual rise in interest rates.

The visible trade surplus in the first seven months totalled DM 24.3bn ($9bn) – nearly DM 4bn less than in January–July 1982. West-Germany's traditional deficit on "invisibles" is however, smaller than usual, implying that the current account surplus for the whole year may be slightly bigger than last year's DM 8.1bn.

EEC says US steel deal favours rivals

BY JOHN WYLES IN BRUSSELS

EUROPEAN steel exporters claim that South Korean and Latin American competitors have achieved startling gains at their expense on the U.S. market because of a serious snag in an EEC agreement which voluntarily limits exports to the U.S.

Eurofer, the EEC-wide steel producers club, has asked the European Commission to open consultations with Washington on the matter.

In the first seven months of this year total steel imports fell to 19 per cent of the U.S. market, from 22 per cent last year. During this period, non-EEC and non-Japanese producers increased their share of U.S. imports to 51.4 per cent, from 36 per cent last year.

The agreement reached last October restricts EEC steel exports to the U.S. from November 1, 1982 to the end of 1985. An export licensing system planned to reduce EEC sales to 8 per cent below their 1981 level.

The snag which has arisen is embarrassing for Data Resources Inc. (DRI), the independent U.S. consultants, who were employed to provide rolling estimates of U.S. steel consumption for 10 categories of carbon steel.

Under the agreement, the ceilings on EEC exports for each steel category are fixed as a proportion of anticipated U.S. consumption.

But the consumption estimates which DRI produced last October for the period November 1 1982 to December 1983 proved to be far too high.

They have recently been revised downwards by between 3.1 per cent for hot rolled steel and 36.6 per cent for steel rails, forcing several European producers to cut back on their planned shipments between now and the end of the year.

It is these revisions which have brought the protest from Eurofer and the request that the European Commission take the matter up in Washington.

DRI has acknowledged that its initial forecasts of U.S. consumption were based on variables which were "askew." It claims that its latest figures are as accurate as they can be.

The EEC producers have their doubts, not least because of the windfall which the U.S. restraint agreements with the EEC and Japan appear to be delivering to South Korean and Latin American steel makers.

One source close to Eurofer said yesterday that the EEC producers were not calling the deal into question. But the calculating errors were creating difficulties for planning production in Europe and clearly U.S. producers were not benefitting as much as they should be from EEC and Japanese restraint, the source said.

Sinclair increases sales and profits

BY GUY DE JONQUIERES IN LONDON

SINCLAIR Research, the UK personal computer manufacturer which raised £13.6m ($20.4m) through a private placement in February, yesterday reported sharp increases in both profits and turnover for the year to March 31.

Pre-tax profit rose to £14m from £8.55m the previous year, while turnover doubled to £54.5m from £27.2m. The company, founded in 1979, has declared its first dividend, of 1p per share.

Sir Clive Sinclair, chairman and majority shareholder, said in the annual report that the results were "quite encouraging", but admitted that a fierce price-cutting war in the U.S. had led to lower than expected sales of Sinclair machines, which are made and sold there under licence by Timex, the U.S. watch manufacturer.

This disappointment was partly offset by better-than-expected sales performance in Britain. The company said that its ZX Spectrum model, launched last year, had become "easily the best selling machine in the UK and a number of overseas markets."

Sinclair Research, which pioneered the market for inexpensive home computers, has sold more than 1.5m machines worldwide. Its monthly production exceeds 100,000 units, believed to be the largest volume output of any computer company.

Sinclair details, Page 16

British unions set to change course

By Our Labour Staff in Blackpool

THE BRITISH trade union movement was yesterday poised to introduce major changes in its relationship with the Conservative Government.

The Trades Union Congress (TUC) will decide today finally whether to enter into talks with the Government on its planned labour legislation, amid growing signs of a marked swing away from the isolated stance of recent years.

Union leaders of the centre and right are now convinced that the major changes in TUC policy are certain to be implemented this week at the annual assembly of the TUC Congress at Blackpool.

Faced with Government proposals for sweeping democratic reform of union structures, the TUC Congress looks certain to endorse calls for a complete revaluation of the movement's role.

Mr Frank Chapple, general secretary of the electricians' union and this year's Congress chairman, told the opening session yesterday: "The TUC has a duty to argue with the Government and to build a partnership that can revitalise Britain.

"We cannot contract out of this responsibility or behave like some obscure religious sect that insists on not talking to non-believers."

Mr Chapple, a former Communist, but now an outspoken right wing opponent of extremism, was heard largely in thoughtful silence broken only by occasional barracking.

Before the Congress opened Mr Len Murray, TUC general secretary, made it clear that unions at Blackpool would be deciding the short-term future of the TUC. He insisted that they had to be ready to face up to five years of "hostile" Conservative Government and its planned reforms of the union movement.

Mr Chapple told delegates: "Threats to destroy elected government are not only infantile, but they are also a dangerous boomerang, alienating us from our own members as well as threatening the only type of society that guarantees our own freedom."

Full employment looked unlikely for the remainder of this century, but something had to be done. "We need a range of policies to reduce unemployment. We have to encourage greater industrial consensus

Continued on Page 12
Conference report, Page 7

Mitterrand moves to calm union unrest ahead of budget

BY PAUL BETTS IN PARIS

FRANCE's President François Mitterrand will hold talks with labour leaders this week amid signs of a revival of labour and social tensions in the country.

Two major industrial disputes in the car and paper industries are already turning into important tests of the attitude of the trade unions and of the Communist party to the Socialist-Communist coalition government.

In their talks with President Mitterrand, union leaders are also expected to express their anxieties over the Government's plan for a further tightening of fiscal and budgetary policies, expected in the budget later this month.

The French Communist Party has already announced it intends to make unemployment its main issue this autumn. But so far both the Communists and the pro-Communist CGT union, whose secretary M Henri Krasucki is to see President Mitterrand today, have been relatively restrained in their public statements.

But the union leadership is again coming under pressure from its members in some of the country's more troubled industrial sectors.

In the car industry, the Peugeot group's traditionally strife-torn Citroën car plant of Aulnay, near Paris, was still shut by labour unrest yesterday. The plant, hit by disputes since it reopened last Thursday after the summer holidays, has lost production of 800 cars a day for three consecutive working days. The problems reflect dismay at the Peugeot group's decision to lay-off nearly 7,400 workers.

The other industrial dispute causing friction between the labour-movement and the Government involves the troubled paper company, La Chapelle-Darblay. The CGT union is fiercely opposing a Government rescue plan which involves laying off 1,500 of the 2,000 workers and passing control of the Rouen-based papermaker to Parenco, the leading Dutch paper group.

Complicating the issue is the fact that the French paper company is in the parliamentary constituency of M. Laurent Fabius, the Industry Minister.

Other important and potentially divisive issues are coming to a head, the unions are particularly concerned by the threat of lay-offs in the steel, textiles and coal industries.

At this stage, M Mitterrand and the Government do not appear willing to deviate from their tighter economic policies, and the President will clearly seek reassurance from the union leaders this week that they will not rock the boat. Whether they co-operate will largely depend on events in coming weeks with the build-up towards the important Social Security Council elections in October and the Socialist Party congress

Despite some improvement in the opinion polls, the Socialists suffered a setback in the first round of local elections in Dreux, near the cathedral city of Chartres, this weekend. They had won the elections at Dreux by barely eight votes in March, but the contest had to be re-run after the Socialist candidate stepped down.

A significant aspect of the poll was the sharp advance of the National Front's candidate who won more than 16 per cent of the vote.

La rentrée, Page 12

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EUROPEAN NEWS

Poland's motorists face petrol cut

By Christopher Bobinski in Warsaw

POLAND'S 3m private motorists face a cut in their meagre petrol ration in October-November, reflecting the country's continuing fuel problems, which are unlikely to abate in the foreseeable future.

The authorities have found that without a ration cut they will have a shortfall of 200,000 tonnes of petrol for private consumers compared with planned supplies of 1.6m tonnes this year.

According to the Slowo Powszechne newspaper, the monthly petrol ration of 45 litres for larger cars and the 30 litres for the small ubiquitous Fiat 126P is likely to be cut by a third as a result.

Rationing is helping to keep down consumption but the system is notoriously leaky, with motorists returning from holiday reporting widespread willingness by pump attendants to top tanks up at black market prices.

Difficulties seem fated to continue, with plans for delivery of petrol to private consumers due to suffer a slight drop next year, and a return to this year's level in 1985.

Meanwhile, sales of cars are set at around 200,000 next year and the year after that, and the new registrations will put further strain on scarce supplies.

Poland imports almost all of its crude oil from the Soviet Union which has maintained supplies at a steady annual 13m tonnes since 1980.

That was the last year Poland had sufficient hard currency to buy crude oil elsewhere and additional purchases of oil outside Comecon next year and in 1985 are intended by planners to be devoted to industrial usage.

Sweden's Liberals seeking to restore fortunes with new head

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE SWEDISH Liberal Party, Folkpartiet, is expected to elect Mr Bengt Westerberg, a former undersecretary of state for both industry and economic affairs, as its new leader at a special party congress early next month.

Mr Westerberg's most important task will be to revive the sagging fortunes of the Liberal Party, which in recent opinion polls has fallen dangerously close to the minimum 4 per cent needed for representation in the Riksdag, the Swedish parliament.

The leadership election follows the resignation at the end of July of *Mr Ola Ullsten, Liberal Party leader* since 1978, who served as both Prime Minister and Foreign Minister for periods during the six years of non-Socialist rule from 1976 to 1982.

The Liberals have increasingly been losing ground, with many of their voters going over to the Swedish Conservative Party, Moderata Samlingspartiet, as part of the growing polarisation in Swedish politics, which has squeezed both the Liberal and centre parties.

In the last election a year ago, the Liberals gained only 5.9 per cent of the vote and 21 seats in the Riksdag compared with 10.6 per cent and 38 seats in 1979. They now have only one more seat than the Communists, the smallest party in the Riksdag.

The Liberals' fortunes have been declining steadily since the early 1950s, when they still commanded nearly a quarter of the electorate.

Mr Ullsten's resignation followed months of speculation over his future and serious criticism from within the party over his rather colourless and ineffective performance as leader.

Mr Westerberg emerged yesterday as a certainty for the party leadership, when he was made the unanimous choice of a special party committee formed to canvass opinion in the party's regional associations. All 26 local executive committees supported his candidature.

Mr Westerberg, 40, has gained support as a relatively new political figure, without the burden of having served as a minister during the six years of troubled centre-right coalition and minority Liberal rule up to September 1982.

Bonn still hopeful on arms pact

BY OUR BONN CORRESPONDENT

THE West German Government believes an accord is still possible in the superpower nuclear arms control negotiations, starting again in Geneva today, despite the new strains to East-West ties caused by the Korean airliner incident.

This was made clear here yesterday after talks between Chancellor Helmut Kohl and Mr Paul Nitze, the chief U.S. negotiator at the Geneva negotiations.

Mr Nitze brought with him a personal letter to Herr Kohl from President Ronald Reagan, which is understood to review Washington's position on the talks, and on the downing of the Korean Jumbo jet by Soviet aircraft.

It is the latest in a series of messages passed between the West German and U.S. leaders during the summer. Herr Kohl also had a letter from Mr Yuri Andropov, the Soviet leader, shortly before Moscow's recent offer to scrap some of its SS-20 intermediate-range missiles.

Bonn welcomed the Soviet gesture but said it did not go far enough. In particular, the West Germans insist that Moscow give up its demand that the French and British nuclear forces be drawn into the Geneva negotiations.

The West German Government is particularly relieved that the Korean jet incident did not cause the U.S. to boycott the Geneva talks. Bonn agrees that while the Soviet act was deplorable, the need for effective arms control remains uppermost.

West Germany is due to start deploying the first of 108 Pershing-2 missiles from the end of this year if the Geneva talks come to nothing. Opinion polls show that a growing number of West Germans would prefer to shelve deployment and have negotiations continue in 1984.

Five minutes to midnight, Page 16

Malta holds out over security

BY DAVID WHITE IN MADRID

DELEGATIONS at the Madrid Security Conference were last night making a last-ditch bid to persuade Malta to join their agreement—before Foreign Ministers meet in Madrid later this week.

Malta, pursuing its own unpopular campaign on Mediterranean security, continued to hold up a consensus on the final document of the three-year-old Conference on Security and Co-operation in Europe.

The document was agreed on by the other 34 Eastern, Western, and neutral nations almost two months ago.

After turning down an appeal by Sr Felipe Gonzales, the Spanish Prime Minister, Malta yesterday launched a new tactic by calling for the Foreign Ministers to hold a special meeting on the Maltese issue today, but this was flatly rejected.

The remaining countries were on the verge of an accord which would effectively by-pass the consensus rule. Under this "second best" solution, they would agree to abide by the provisions of the final document and its annexes—thus ensuring that follow-up meetings, including a much-argued meeting in Switzerland, would take place.

Malta would then be free to add its endorsement at a later stage and a full meeting could be called to bring the Madrid conference to its formal close. However, Romania expressed reservations about breaking the concensus principle.

The Foreign Minister's meeting originally called to close the Security conference — a mission it is unable to fulfil as long as Malta stays out of line — is scheduled to go ahead from tomorrow.

Mr Andrei Gromyko, the Soviet Foreign Minister, is due to arrive in Madrid for the talks. His visit was confirmed here despite the cancellation of talks scheduled to be held in Paris today.

Mr Gromyko is now to hold a meeting with Mr George Shultz, the U.S. Secretary of State, on Thursday. Mr Shultz is not expected to make his statement to the Ministers' conference until the following day. However other Western Ministers are expected to take up the issue of the Korean airliner incident during tomorrow's session.

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Soviet peace group members seized

MOSCOW—Four members of an unofficial Soviet peace group were seized by police yesterday when they went to the British Embassy to collect a letter from Mrs Margaret Thatcher, British Prime Minister, a spokesman for the group said.

The four had been picked up as they approached the embassy compound and taken away for questioning to a nearby militia post, he added.

They had an appointment to pick up Mrs Thatcher's letter in reply to a note they sent her in June complaining about the treatment of anti-nuclear demonstrators in Britain.

The so-called "Group of Trust" was established last year. Most of its members have been detained for varying periods by police and one is now in prison.

Reuter

Second bid to right rig hotel platform starts

By Fay Gjester in Oslo

THE SECOND Norwegian attempt to right the Alexander Kielland hotel platform started yesterday, after several days' delay caused by last-minute technical problems.

The contracting company in charge, Stolt Nielsen Seaway, plan to rotate the rig through 40 degrees, initially—an operation expected to take about 24 hours—before pausing for about a day to secure it to two powerful crane barges which will help regulate its further rotation.

If all goes smoothly thereafter, it could be righted by Sunday.

Meanwhile, oil production *from the giant Anglo-Norwegian* Statskord field in the North Sea was threatened by a strike of catering workers which started at the weekend.

The strike, which lacked union backing, is in protest at lay-offs resulting from the expiry of a company's catering contract.

EUROPEAN NEWS

Hilary Barnes in Copenhagen reports on a major break with the past

Denmark trims its welfare state

ON DANISH television recently, a student was shown bewailing the hardships she was *suffering* as a result of the government's attempts to pare public spending. "Surely the government doesn't mean that I should ask my family for help," she said.

The comment threw an interesting light on public attitudes to the changes under way in one of the world's most highly-developed welfare states.

Whether or not they invented the concept, Denmark and other Scandinavian countries have become the most advanced providers of cradle-to-grave social security, free education and health services, and they have bred a generation which regards this support as an inalienable right.

Mr Poul Schlüter's four-party non-socialist coalition, which took office a year ago this month *after eight years of governments* headed by Social Democrats, has set about changing all that.

"We're going to make it better to be a Dane," was the resounding declaration with which the ebullient Mr Schlüter took up the Premiership.

It turned out to be a phrase which even he has had some trouble living down, for over the past year Danes have experienced higher taxes, higher public transport fares, cuts in their pension rights and reductions (for the most part small) in unemployment and other benefits.

Interest rates

But to an observer the gloom which is frequently expressed here does not ring entirely true. Denmark has the fifth highest per capita national income in the OECD, about $10,960 in 1982. Interest rates have come down with a bump, inflation has fallen faster than anticipated, and private consumption—unexpectedly — will rise by about 1½ per cent this year.

Unemployment benefits, trimmed slightly by being de-indexed last autumn, are still high. The normal rate is almost 90 per cent of income earned, up to a maximum of 90 per cent of the wages of a skilled worker. The maximum is now DKr 104,000 (£7,140) per year.

The social security benefit paid to a single mother with a young child is almost DKr 50,000 (£3,441), which is roughly what she could earn in an unskilled occupation, after allowing for tax. The lowest long-term social welfare benefit is DKr 37,260 (£2,566) per year. *It is, however, an indication* of how the government's measures are hitting the weakest that the number of people receiving the lowest form of benefit, which is a new category introduced this year, is about 50,000. This is more than twice the figure predicted by the government when the reform was carried out. Although it would be difficult to find a truly destitute person in Denmark, the decision by Mr Schlüter's coalition to launch a serious attack on the growth in public spending came as a shock.

The financial shock was quite serious for some groups, especially families with small children who saw subsidies for places in pre-school day-care institutions reduced at the same time as taxes rose. But the *psychological shock for a substantial* section of the younger generation was just as bad, exemplified by the student's comment already quoted.

Many Danes have grown up believing that good fortune is the gift of the government, and that the private alternative to public assistance is a failure of the system, a social injustice.

Against this background, Mr Schlüter and his colleagues are hoping to introduce a greater degree of personal responsibility, self-reliance and dependence on the family (what's left of it; over a third of all Danish children are born out of wedlock).

They do not see this development as an alternative to the welfare state (the radical approach found, for example, on the right wing of the British Conservative Party has no parallel in the thinking of the coalition parties), but as a supplement to it.

But they want to induce in the public the realisation that there is no such thing as a "free" welfare service and that doctors don't grow on trees.

Thus, breaking with one of the system's hallowed principles, the government has proposed in the 1984 budget that the better-off fifth of the population should pay for part of their medical services under an insurance scheme. This proposal may prove too radical, however, and it seems likely to be rejected by a majority in the Folketing (parliament).

For Danes who understood the significance of a few of the basic economic statistics, what is happening now could hardly have come as a surprise. Last year public spending reached 61 per cent of the national income (GDP). The budget deficit was *about 13 per cent of the GDP.*

The net foreign debt, after 20 years with current balance of payments deficits, was 33 per cent of the GDP, which until a few years ago would have been regarded as a debt of truly enormous proportions.

The Social Democrats had allowed all this to happen in the hope that high public spending and foreign borrowing would help curb unemployment (a vain hope—unemployment rose from 5 per cent in 1975 to 10 per cent last year). They made serious efforts to control public spending, but they were never quite hard-headed enough to make their good fiscal intentions stick.

Last September, with the party and its supporting trade unions unable to agree on how stringent economy policy should be, they threw in the towel, resigning without being defeated in the Folketing.

Judging by the policy programme it issued in August, the party has not become any more hard-nosed in opposition. If re-elected it would restore all the welfare cuts made by the Government and has one or two expensive new reforms up its sleeve as well, such as paid time off work to attend adult education courses.

The Danes may grumble, and public sector pressure groups roar, at the spending cuts and revenue increases imposed by the Government, but Mr Schlüter's determination to put government finances back on a sounder course has not made either *him* or his government unpopular, judging by the evidence of the opinion *polls.*

Large majorities

Mr Schlüter, according to a summer poll, is the most popular prime minister since the war, to which his good humour and television personality undoubtedly contribute.

Other polls have shown large majorities supporting the government's economic policy in general, although there is less enthusiasm for some of the specific measures.

The most marked feature of the polls is that they show Mr Schlüter's Conservatives set to almost double their 14.5 per cent share of the vote in the 1981 election, but at the expense of the other coalition parties and the tax-protest Progress Party. The left-right balance has changed very little.

Mr Poul Schluter

DELIVERY VOLUME by Danish manufacturing industry is picking up fast, according to Bureau of Statistics figures, Hilary Barnes reports from Copenhagen. In the three months from May-July, deliveries were 5 per cent higher than in the previous three months on a seasonally-adjusted basis and, compared with the same period in 1982, they were up by 4 per cent.

The deliveries index is a surrogate for an industrial production index, which Denmark does not use.

New orders, in current prices, in the three-month period were up by 15 per cent from last year, which represents a volume increase of roughly 10 per cent.

The trade figures have also developed favourably so far this year. The trade deficit for the first seven months was cut to DKr 300m (£20.5m) from DKr 5.7bn in the same period last year.

Exports increased by 10.6 per cent to DKr 80.5bn, with exports of manufactures up by 12.1 per cent to DKr 52.3bn and imports by 2.9 per cent to DKr 80.9bn, with energy imports declining DKr 1.5bn to DKr 15.1bn.

AMERICAN NEWS

FT writers examine the evidence of U.S. and Soviet claims over the downing of the Korean Air Lines jumbo jet over Sakhalin Island

Israelis took responsibility for downing Libyan jet

By Roger Matthews, Middle East Editor

WHEN ISRAELI warplanes shot down a Libyan Boeing 727 airliner over occupied Sinai on February 21 1973, with the loss of 104 lives, there was almost immediate acceptance by the Government in Jerusalem of responsibility for the act.

But like the current controversy raging over the fate of the South Korean 747, the culpable party sought to demonstrate that action had been taken only after repeated warnings to the intruding aircraft.

Only a few hours after the Libyan jet was brought down, Mrs Golda Meir, then Prime Minister of Israel, expressed deep sorrow at the loss of life. A Cabinet statement claimed that the airliner had penetrated Israeli airspace over a highly sensitive area and, despite all warnings to the French crew, the Boeing had refused to land.

Gen Moshe Dyan, Minister of Defence, *said at a Press conference* the following day that there was no reason for the Israeli Government to feel any guilt. All responsibility for the safety of the Boeing's passengers rested with the captain of the aircraft "who clearly understood that he had to land."

Israeli officials added that the intention of the intercepting jets was not to shoot down the Boeing. Warning shots had been fired and after a wing had been hit, the captain of the Boeing unsuccessfully attempted to land among sand dunes.

The crew of the Boeing, on a scheduled flight from Tripoli to Cairo via Benghazi, apparently believed that they were within Egyptian airspace at the time of the interception and that the jets which came up to meet them were from the Egyptian Air Force.

There was strong international reaction to the attack

On March 6 1973, Israel announced that it would pay compensation of $30,000 to the dependents of each of the victims and a lesser sum to survivors who had been injured.

Gen Dayan added in a statement *to the Knesset that the* disaster had been provoked by "a chain of misunderstandings" and "*a series of errors and* omissions" by the Libyan aircraft

Experts place some blame with crew but spy theory discounted

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AVIATION experts worldwide are coming to the conclusion that in the tragic destruction *of the Korean Air Lines'* Boeing 747 Jumbo jet by a Russian fighter last week, the crew of the Jumbo itself must bear a substantial part of the responsibility.

The incident has raised many questions, the answer to which may never be known, unless *the Soviet Union itself chooses* to disclose further information as to the precise sequence of *events.*

Even then, however, probably the most important question of all — what was the Korean Jumbo doing so far off course in Soviet airspace at all? — will never be answered, with all the crew dead, the wreckage scattered in the ocean, and the vital flight data recorder probably irrecoverable.

But the questions must be asked, if only to ensure that possible errors can be assumed, and action taken to prevent their recurrence.

All the reports so far, backed by a chart published by Tass, the Soviet news agency, suggest that the Korean Jumbo was for at least two hours, while en route from Anchorage to Seoul, some 300 miles off course, flying over Soviet airspace and at one point crossing the southern tip of the highly militarised Kamchatka peninsula.

Two hours in a Jumbo is more than 1,000 miles. The Soviet chart depicts a reasonably straight track, at least initially, which points to the fact that the Inertial Navigation System in the Jumbo was working correctly, but had been wrongly programmed so as to ensure that the jet flew on a path other than the internationally assigned normal path *that would have taken it clear* of Soviet airspace.

Since the crew are responsible for programming the INS, the possibility of some error on their part cannot be overlooked. It must be emphasised, however, that there is no evidence for this, but neither is there any evidence that the *Tass chart* itself is an accurate portrayal of events.

Towards the end of that period of flying the chart depicts a sharp deviation in the Jumbo's track, across the southern tip of Sakhalin Island, prior to the shooting down just north of Hokkaido, Japan. This would appear to indicate (again if the Soviet chart is correct) that, at that point, the crew did realise that they were on the wrong track, and began to move to correct the error.

If there had been an error in programming the INS it would probably only have been noted after a routine check of position by the crew, or if some external incident had aroused their suspicions—such as the sudden appearance of a Soviet fighter.

This would also appear to account for the crew not *acknowledging* earlier Russian signals by fighters.

hat is more inexplicable is the *apparent lack of any kind of* radio communication by the Jumbo with either the Soviet *fighters*, or *the ground stations*, especially in northern Japan.

A communications failure does not seem to be likely, because, by all accounts, the radio was working properly on departure from Anchorage. Radio communications in that area are far less sophisticated than say, on the North Atlantic, and ground controllers rely much more on "procedural" methods of control.

That is, they tend to rely on the aircraft themselves to state their position, rather than on monitoring the aircraft by radar, which would be impossible given the distances from land the aircraft fly, and the limited ranges of the radars available in that region.

If there was an error in the information fed into the navigation system, therefore, of which the crew were unaware, it is not surprising that there should be a long period of silence

It has *also* been *suggested* that the crew had deliberately chosen to take a short cut, by *flying across Soviet airspace.* This can probably be totally rejected. No responsible jet *captain would knowingly hazard* his aircraft, crew and passengers by flying off an internationally *assigned, safe track into the* hostile and sensitive airspace of an unpredictable country like *the Soviet Union.*

This is more especially the case in that in the past Korean Airlines' aircraft have been buzzed by Soviet fighters, and on one occasion actually fired

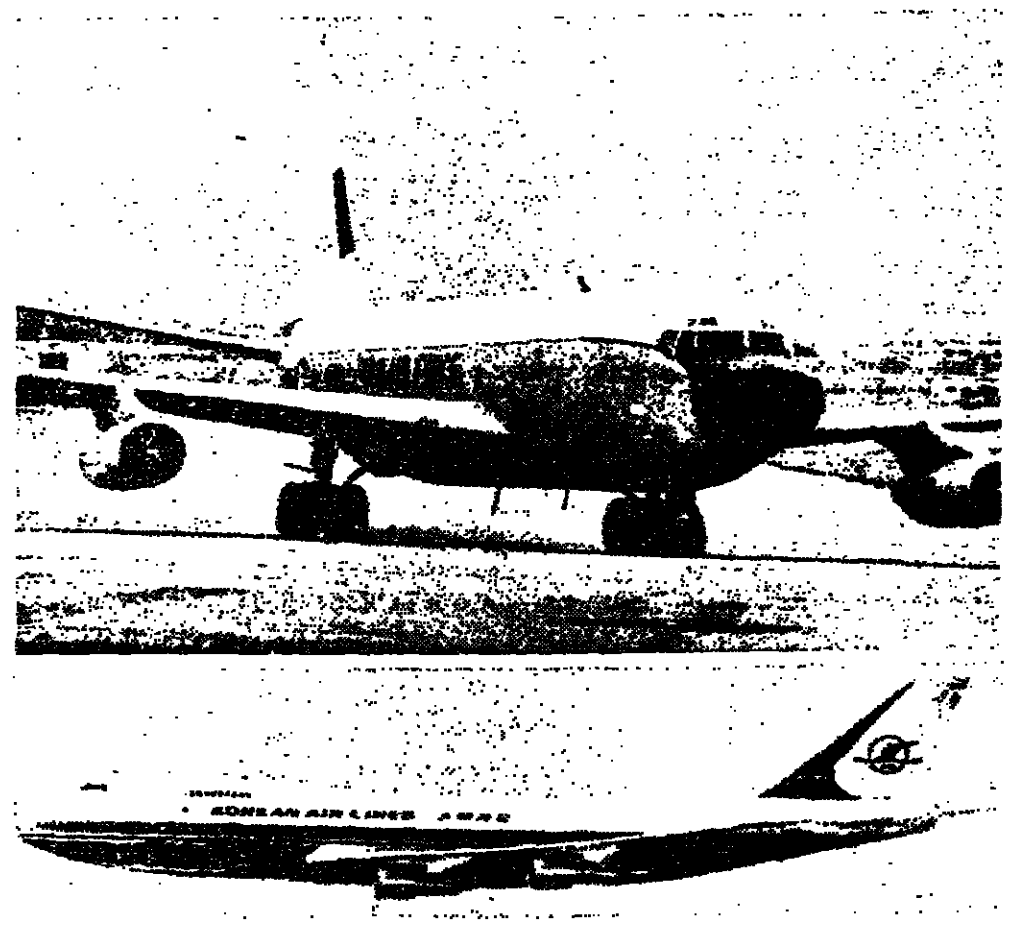
If there is some possibility in the entire affair that the crew itself might have been at fault, *however*, there is as much doubt as to the veracity of some of the Soviet statements so far.

Suggestions that the Soviet fighters mistook the Jumbo for a U.S. "spy" aircraft are ridiculous. No U.S. spy aircraft is of the same size as a Jumbo, and if, as the Russians claim, one of their jets flew close enough to see cabin lights, it is impossible to believe that the Jumbo could have been mistaken, even in the dark, for anything other than what it was.

It is hard to believe that, in such a sensitive and militarily highly monitored region, the Russian air force locally does not know well just what regular civil air traffic there *is* around, and that any unusual blip on a radar screen would not be immediately *investigated*, just in case it might be a civil aircraft inadvertently straying off course.

The fact that the Russians shadowed the Jumbo for over two hours indicates plainly that they did detect an unusual *occurrence*, and *sent fighters to* investigate it. To suggest that, over that period of time, they could not *identify it as a* civilian aircraft and only finally shot it down in the belief that *it was a U.S. "spy"* aircraft, is plainly ludicrous, as the U.S. official spokesmen have already declared.

It is difficult to avoid the *conclusion, on present evidence,* that the crew of the Jumbo did make a navigational error, of *which they were unaware,* which took them off track into Soviet airspace, and that the jet was *deliberaly shot down, for* reasons only the Russians know, in the full knowledge that it was a civil aircraft.



"Spy Jet" or civil Jumbo?—A Jumbo jet (above) is the monster of the sky, weighing, fully-loaded, over 300 tons, with a wing-span of more than 195 ft and carrying about 450 passengers. An RC-135 (top) of the type the Russians claim was in the region, is a Reconnaissance version of the Boeing 707, which has a fully-loaded weight of about 150 tons, a wing-span of about 146 feet and carries at most about 200 passengers or an equivalent weight of equipment.

U.S. to make public tapes of pilots' conversation

By Reginald Dale, U.S. Editor, in Washington

THE U.S. will soon make public the tapes of "very excited" conversations between *three* Soviet fighter pilots just moments before they shot down the South Korean airliner, a White House official said yesterday. The tapes, which President Ronald Reagan played to Congressional leaders on Sunday, are roughly 55 minutes long.

Congressmen who heard the tapes said that they left no doubt that the Soviet Union shot down the Korean airliner. Uncertainty persisted in Washington yesterday, however, over whether the Soviet pilots realised that the *aircraft* was a commercial airliner when they opened fire.

The complexity of the incident was heightened following Sunday night's admission by the *White House* that a U.S. military reconnaissance "spy plan" had passed within 75 *miles of the airliner on a* routine flight, outside Soviet airspace, some two hours before the Korean aircraft went down.

The U.S. insisted, however, that the RC-135, a modified Boeing 707, was 1,000 miles away when the airliner was shot down and that the Soviet Union could not have continued to confuse the two aircraft, even if it had done so at first. The Soviet Union was fully aware that RC-135s routinely patrol the area in international airspace, officials said.

Mr Larry Speakes, the White House spokesman, said that as the *Soviet Union* followed the route of the South Korean aircraft "parti*cularly with the visual* and radar information available to them, when they shot it down, they should have known irrefutably that it was a civilian airliner." There was "no margin for error," he said.

Mr Speakes said that a Soviet SU-15 shot down the airliner while a MiG-23 and another Soviet aircraft of unidentified type observed. The SU-15 had visual sight within three kilometres and literally circled the Korean airliner, he said.

S. Koreans wait for proof as Asian reaction remains low key

BY OUR FOREIGN STAFF

Mr Lee Bum Suk the South Korean Foreign Minister said yesterday that the Korean Air-Lines 747 Jumbo jet said to have been shot down in a Soviet attack last week was definitely not on a spy mission, but was flying a "genuine, peace-loving passenger flight."

He said no definite conclusion as to why, how, or even if, the aircraft had strayed off course had been reached.

As yet there was no definite proof that the aircraft was in the Soviet strategic area of Sakhalin Island, he said.

The South Korean Government has not received the official tapes of the last conversation with the pilot of the Korean Air Lines Jumbo and the Japanese air control personnel monitoring the flight path, but an investigation of all of the information now available is under way at the Ministry of Transportation.

Mr Lee said that South Korea was awaiting the outcome of United Nations Security Council meetings on the Soviet attack before outlining any other action

Japan remains "very much frustrated" over a Soviet refusal to allow Japanese search vessels into the area where the aircraft is believed to have crashed, but is unlikely to retaliate with overt economic or diplomatic sanctions, a Foreign Ministry spokesman said.

The spokesman quoted a *senior Ministry official as saying* the reported attack on the airliner by Soviet fighters is regarded as a "temporary" incident,

Mr Shintaro Abe, the Foreign Minister, is expected to meet Mr Andrei Gromyko, the Soviet Foreign Minister, at the end of September at the United Nations, and a Government trade delegation will probably go to the Soviet Union next month, the spokesman said.

China is taking a low-key approach in its response to the incident in an apparent attempt to avoid upsetting its delicate relationship with the Soviet Union.

The only official comment has been a two-sentence statement from a Foreign Ministry official expressing "shock" and "regret." The Chinese media has reported the international reaction prominently but without comment.

Pravda devotes half a page to incident

BY ANTHONY ROBINSON

THE SOVIET leadership has finally signalled to its own people that the Korean aircraft disaster has involved the Soviet Union in a major international incident by devoting half a page in yesterday's Pravda to the story and hinting that the Korean jumbo was mistaken by Soviet fighters for a U.S. spy plane.—

A lengthy article by Colonel General Semyon Romanov, which had been released in advance for wider distribution by the Tass news agency, admitted for the first time that the incident involved heavy loss of life. But the general gave no figures and still did not admit that Soviet fighters had shot it down.

He described the human losses as "yet more victims of the cold war whose apologist and champion is the White House . . . . history will lay the *blame for these lives at its* door."

Gen Romanov rejected Western allegations that the Soviet fighter pilot tracking the plane knew that it was a civilian airliner. "This is exactly what the pilot did not know," he said. "The plane was flying without lights and its shape in many respects resembles the American reconnaissance craft RC-135. The pilot could not determine what function the intruding plane was carrying out, he added.

Western diplomats in Moscow said that the Soviet suggestion that the pilot had made an error should be seen as a broad hint that Soviet fighters had done more than flash signals and fire tracer bullets and is the closest that the Soviet authorities have come so far to admitting that they had shot the plane down.

Meanwhile, Moscow continues to ignore separate requests from Japan and the U.S. to allow search craft inside its 12 nautical-mile limit around Honeron off the western coast of Sakhalin Island where the Korean plane is believed to have fallen.

Venezuela rejects creation of debtors' cartel

BY KIM FUAD IN CARACAS

SR ARTURO SOSA, the Venezuelan Finance Minister, yesterday rejected the creation of a Latin American debtors' cartel but was highly critical of the terms demanded by the International Monetary Fund and foreign banks to refinance the region's estimated $330bn (£221bn) foreign debt.

In inaugurating an Organisation of American States (OAS) special meeting on Latin American foreign debt, Dr Sosa warned that excessively harsh terms could pose unjustifiable risks for hemispheric stability.

Venezuela, which is attempting to refinance $18.4bn of its *estimated $33bn foreign debt,* has steadfastly rejected an IMF economic stabilisation pro*gramme demanded* by creditor banks.

"If the conditions for refinancing for the countries of the region are more onerous and require adjustments to the internal economy that are more severe than necessary, it should be clear that this would not only seriously affect their economic development, but would also unjustifiably risk their social and political stability at a crucial moment in the history of our hemisphere," Dr Sosa said.

The Finance Minister called for a systematic exchange of information among the region's debtors to facilitate remedial action and clearly to express the desire for what he termed "equitable treatment" in refinancing.

The five-day OAS conference brings together the 31 member states of the organisation with observers from private banks and international lending agencies. The first three days of the meeting will be devoted to presentation of technical papers, while on Thursday and Friday there will be a ministerial-level conference.

Weinberger starts visit to Central American armies

BY REGINALD DALE

MR CASPAR WEINBERGER, the U.S. Defence Secretary, leaves Washington today for a three-day visit to assess the military situation in Central America. In the first visit to the region by a U.S. Defence Secretary, he will inspect military forces in Panama, El Salvador and Honduras and visit U.S. troops taking part in the Big Pine exercise with Honduran forces.

As Mr Weinberger prepared to leave Washington, high-ranking Pentagon officials said that they were cautiously optimistic about the performance of the U.S.-backed Salvadorean army in the past two months, since Congress approved a $30m infusion of military aid after an initial $26m appropriation for the year had run out.

U.S. officials had been expecting an offensive by left-wing guerrillas, such as the weekend attack on San Miguel, after a period in which they had been put on the defensive by the Salvadorean army. They said the guerrillas probably felt they needed to re-establish their credentials as a fighting force — particularly now that contacts with the Government seemed to be getting under way.

In the past two months, the Pentagon said, guerrilla morale had been low, and about 500 *rebels had turned* themselves in to government forces. The army had "turned the tables" on the insurgents, the officials said.

In addition to the "shot in the arm" from U.S. funds, the Pentagon said that the 25,000-strong Salvadorean army had been *bolstered* by the more vigorous approach of the new Defence Minister, General Carlos *Vides Casanova.* The rebels numbered between 6,000 and 7,000 according to the latest estimates, with about an equal number of sympathisers providing support, the officials said.

Recession takes toll of company executives' pay

BY PAUL TAYLOR IN NEW YORK

THE AVERAGE chief executive of a small U.S. company with sales of around $4m a year took home $76,200 (£50,969) last year, according to a survey of small company compensation prepared by the accounting firm, Peat Marwick, and published in Inc Magazine this month.

The survey *highlights* the impact of the recession on the salary structure of small companies in the U.S. and suggests that smaller companies are copying their larger counterparts in developing increasingly sophisticated compensation packages for their senior executives.

"There is clear evidence that the 1982 recession took its toll," says the report. Poor business conditions prompted nearly half the 466 companies surveyed to make changes in their overall compensation practices in the past year, with wage freezes and cuts in planned pay increases topping the list of actions taken.

The report notes that while chief executives saw their base *salaries increase on average last* year by 7 per cent to $65,000, total compensation grew by only 4.6 per cent.

Mr Peter Chingos, a principal in Peat Marwick's compensation practice, explaining the divergence between base salaries and take home pay said: "This is because 40 per cent of the chief executives surveyed received a reduced bonus or no bonus at all in 1983."

By contrast, other key company executives fared somewhat better because, the report suggests, chief executives of companies with little money took less for themselves in order to give higher increases to their colleagues. Thus chief operating officers earned an average of $51,000, a 7.7 per cent increase, and chief financial officers earned 9.8 per cent more at $44,200.

The companies surveyed suggested however that they plan to give senior executives increases of about 9.9 per cent during the next 12 months.

OVERSEAS NEWS

Israel's coalition negotiations hit problems

BY DAVID LENNON IN TEL AVIV

NEGOTIATIONS over the preservation of Israel's coalition Government have run into difficulties, despite an agreement in principle by the coalition partners to support Mr Yitzhak Shamir for Prime Minister.

The ruling Likud block had hoped for a quick transition between Mr Shamir, currently the Foreign Minister, and Mr Menahem Begin, who last week announced his intention to resign the Premiership. But the prospects for an early agreement now appear to be fading.

Because of the problems which have arisen, Mr Begin may postpone handing his resignation to President Chaim Herzog until after the Jewish New Year holidays, which begin tomorrow evening. This would give Mr Shamir more time to work out terms with the coalition's junior partners. With only 46 seats in the Knesset, the Likud is dependent on a number of junior partners to gain control of the 120-seat parliament.

Despite daily meetings between the Likud leadership and the heads of the four smaller parties and three independent Knesset members, who comprise the coalition, the negotiations appear to produce areas of disagreement as large as those of consensus.

After a meeting yesterday, the ethnic Tami party spokesman said they had made it clear to the Likud that their continued participation depended on the cancellation of some harsh new economic measures which they felt would hurt the lower income groups.

One of the Tami members, Mr Pessach Grupper, the Agriculture Minister, has also announced that he will not give up chairmanship of the ministerial committee in charge of Jewish settlements in the occupied territories.

This creates a further problem for Mr Shamir, as he is reliably reported to have promised this post to Mr Ariel Sharon, the former Defence Minister. This is believed to be a quid pro quo for Mr Sharon's support of Mr Shamir in last week's party leadership election.

The powerful Agudat Israel party, with four Knesset members, is demanding a timetable from the would-be Premier for the implementation of religious legislation promised in the coalition agreement signed two years ago with Mr Begin.

One ray of sunshine for the Likud lay in the news that scheduled meetings with the opposition Labour Party by Tami and the five-member National Religious Party were not held yesterday.

Labour is hoping to persuade these two parties to join it in a coalition which could replace that of Likud.

Patrick Cockburn joined the multinational force surveying combat

Mountain theatre for Beirut's drama

"LET THEM kill each other and let's get the hell out of here," said the American-accented voice on the field radio yesterday as members of the Multinational Military Force watched another artillery round crash into Beirut International Airport where American Marines are stationed.

In the mountains to the south and east of the capital Lebanese army and Christian militia artillery poured round after round into the positions held by Druze militiamen high above them. Tall columns of black smoke rose from a power station hit by shells close to the coast road.

The headquarters of the 101-strong British contingent to the Multinational Force is an excellent observation post to watch the artillery duels in the amphitheatre of mountains which rise in a semi-circle round about Beirut. In the main the little force, drawn largely from the First Queen's Dragoon Guards, plays the role of observers and does some patrolling in Ferret armoured cars.

The 6,000-strong Multinational Force, which President Reagan is now considering reinforcing, is in Lebanon as a symbol to provide visible evidence of international support for the Lebanese Government. It is not there to fight for President Amin Gemayel's embattled regime which is now trying to secure its control of the Greater Beirut area.

Much of the artillery fire is directed at the Druze positions close to the coast road leading south. On Sunday, when the Israeli army withdrew to the Awali River, the 32,000 strong Lebanese regular army fought to control the vital road crossing at Khalde. A whole brigade is to be sent to secure the coast road down to the new Israeli line.

There was little sign yesterday of artillery fire from the Druze except a few shell bursts at the airport. The main Druze effort is around the Christian-held town of Bhamdoun, which the Christian Militias are trying to hold against attacks from three directions. If they lose it will be a major defeat.

The position of the Christian militias is looking increasingly desperate. "They expected the army to move against the Druze when the Israelis pulled out," said a Maronite yesterday. They have been stockpiling arms and equipment for months, but the Druze can expect total support from Syria, which has 60,000 of its troops in Eastern Lebanon.

Christian militia officers say that other Lebanese forces, such as the Communists, are joining the Druze in attacks on them. There are worries in Beirut that a Druze victory will be followed by massacres of Christians in the mountains.

Most of the Greater Beirut area, which the Government is determined to control, was quiet yesterday. In the shattered southern suburbs, heavily damaged by massed Israeli artillery fire and bombing last year, there are many army checkpoints. In the Christian-held villages rising to the south-east Christian snipers lolled about in a window of one tall building but there was little small arms or machine gun fire.

Reinforcement of the 2,000 American Marines already in Lebanon, who make up the Multinational Force together with similarly-sized French and Italian contingents, would make little difference to the overall strategic position of the force. Their positions are commanded by the mountains, which the Israeli army found it impossible to effectively control.

The Lebanese army shows little desire to try to fight its way into the Chouf and Aley Mountains, where every turn of the twisting roads along the sides of precipitous valleys forms a natural ambush position. The Government of President Amin Gemayel is therefore trying hard to reach some agreement with Mr Walid Jumblatt, the Druze leader. Without his participation, which also implies a detente between Beirut and Damascus, no end to the current fighting appears possible.

The decision of President Gemayel to "freeze" the Israeli-Lebanese agreement, signed last May by Beirut after intense pressure from Mr George Shultz, the U.S. Secretary of State, can be seen as a concession to Damascus by the Government here.

Further fighting has broken out between factions of the Palestinian *Fatah* guerrilla group near Baalbek in Lebanon, according to the Tunisian news agency Tap, Reuter reports from Tunis.

Tap quoted a Palestinian military spokesman as saying that guerrillas loyal to Fatah leader and Palestine Liberation Organisation chairman Yassir Arafat clashed with dissidents led by Abu Khaled Al-Umla and supported by Syrian troops.

The agency said fighting had been going on for two days in the Ashlifa area near Baalbeck and that Syrian troops had also fired on pro-Arafat guerrilla bases, demanding that the bases be evacuated.

Syria calls for total Arab League boycott of Beirut

SYRIA has called for a total Arab League boycott of the Lebanese Government headed by President Amin Gemayel.

In the clearest statement yet of its wish to topple the Lebanese Government and with it the agreement initialled with Israel, Syria is seeking support at the next Arab League summit for a political, economic and military boycott of Beirut.

A memorandum circulated to other Arab governments says that the American sponsored agreement between President Gemayel and Jerusalem turns Lebanon into an Israeli protectorate.

Rand steady after new exchange regulations

By Bernard Simon in Johannesburg

BARELY a ripple was felt in the South African foreign exchange market yesterday following the withdrawal of the Reserve Bank as an active participant and the first payments of dollars, rather than rand, to mining houses for gold bullion deliveries.

The Reserve Bank's intervention amounted to a few small transactions. The bank's senior deputy governor, Dr Chris Stals, said late yesterday afternoon: "We are very satisfied. It was much quieter than we expected."

Dr Stals said the bank had taken various measures in the past few weeks to minimise the risk of a sharp fall in the rand.

The authorities have kept a tight rein on the domestic money market, making it difficult and expensive for banks to fund any speculation against the rand. Dr Stals added: "We have accumulated a large amount of cash in our reserves."

According to the monthly statement of South Africa's foreign reserves published yesterday, the Reserve Bank's foreign exchange holdings jumped by over R500m (£296m) last month to R1.2bn at the end of August. Dr Stals refused to say how much of the increase was due to the Reserve Bank's short-term borrowings.

One of the main changes implemented yesterday was the termination of an "official" exchange rate for the rand quoted by the Reserve Bank. Each private bank is now free to quote its own rate.

The difference between the banks' rate was minimal yesterday. The rand rose slightly thanks to the steady dollar and higher gold price. It closed at around \$0.887 compared to the Reserve Bank's final quote last Friday of \$0.8855.

According to Dr Stals, the Reserve Bank paid dollars to some mining houses yesterday. He said a "substantial part" was immediately sold to local banks. In terms of the new rules, the mines can hold dollars for up to seven days.

Dealers expect the market to become more active later in the week as the flow of dollars from the six mining houses picks up. The holiday in the U.S. yesterday also dampened trading.

President's party wins majority in Nigerian Assembly

BY QUENTIN PEEL, AFRICA EDITOR

PRESIDENT Shehu Shagari's new administration in Nigeria will enjoy absolute majorities in both houses of the National Assembly, thanks to the overwhelming victory of the ruling National Party of Nigeria (NPN) in the last month's elections.

With only the results for the 19 state assemblies still awaited, and polls still to be held in two traditionally-hostile western states, the NPN already has won control of both the Senate, with 55 seats out of 96, and the House of Representatives, with 263 seats out of a total 450.

The outcome will greatly simplify the legislative task of the new administration, which takes office on October 1. For the past four years, President Shagari has faced a hostile majority in the National Assembly, and has suffered long delays in his programmes.

The President has already begun an exercise to reorganise his Government, with the appointment of a seven-man transition committee under the chairmanship of Mallam Adamu Ciroma, the Minister of Agriculture and former Governor of the Central Bank.

The committee has been instructed to recommend possible restructuring of Federal Government Ministries, and to prepare "new guidelines and strategies for use by ministries and departments, for the achievement of the stated objectives of the administration."

Improved economic administration is a top priority for President Shagari in his coming term of office, according to close advisors, and it is likely to be a major area of concern for the International Monetary Fund, whose officials are due in Lagos this week to complete negotiations for a loan of more than \$2bn (£1.33bn).

Moves to stabilise the economy have been introduced swiftly over the past 17 months only thanks to emergency legislation passed by the National Assembly in April 1982. Previously the President's budget measures had taken more than 12 months to implement by legislation.

President Shagari still faces a difficult task of persuading the legislators of the need for further tough cuts in government spending, which seem certain to be called for, both as a result of the IMF talks, and future negotiations with the World Bank for a structural adjustment loan.

Opposition in India aims at joint poll strategy

BY JOHN ELLIOTT IN NEW DELHI

INDIA'S HIGHLY fragmented political opposition has started to try to rebuild its image and combine into parliamentary liaisons that might have some hope of challenging the ruling Gandhi Government at the next general election.

Opposition parties have been spurred by speculation that Mrs Indira Gandhi, the Prime Minister, may call an early general election for January or February next, one year before her current term expires.

While few politicians or observers seriously believe she has made up her mind it is being speculated that improving economic trends, helped by a successful monsoon, might tempt her to announce an election shortly after she emerges in a triumphal mood from November's meeting in New Delhi of the Commonwealth Heads of Governments.

The opposition link-up is led by the Janata party, which has split into several factions since it lost power to Mrs Gandhi's Congress I Party in 1980. It has just formed a loose socialist - inclined alliance, called the United Front, with three other small parties, the Congress S, the Democratic Socialists and the Rashtriya Congress.

Together, these four parties command 35 seats in India's lower House in Parliament, the Lok Sabha. This alliance might try to work by the time an election is called with India's two main Communist parties, the West Bengal-based Marxist CPIM and the CPI.

Zia blames Pakistan unrest on 'foreigners'

By Mohammed Aftab in Islamabad

President Gen Mohammed Zia-Ul-Haq yesterday alleged that foreign powers are financing the current anti-government agitation in Pakistan.

He made this charge at a news conference on return from his six-day official visit to Turkey and meetings with King Fahd and other leaders in Saudi Arabia.

General Zia said that there were several countries involved in encouraging, primarily financially, "a destructive, but a very small movement designed to undermine the law and order situation" in the southern province of Sind.

He declined to elaborate whether by his allegation of the role of a "foreign hand" in the three-week-old opposition agitation, he meant that India is involved. He pointed out that Mrs Indira Gandhi, Indian Prime Minister, and P. V. Narasimha Rao, External Affairs Minister, recently made statements supporting the agitation.

Commenting on the demands of the agitation's organisers — the Movement for Restoration of Democracy (MRD) — Zia said that since he took over the Government in 1977, he had repeatedly pointed out that a martial law government is unsuited to Pakistan's needs.

His Government planned to return the country to a civilian and democratic rule and also wanted to Islamise it, he said. "There can be no compromise on the Islamisation plan".

The President said he was prepared to talk to patriotic opposition politicains individually.

Reuter adds: Police arrested seven members of the banned Pakistan People's Party (PPP) yesterday when they returned to Pakistan to lead a campaign for democracy in Punjab province, airport sources said.

The group, the first of what PPP officails in London have said are up to 300 Punjabis ready to return, ended self-exile in Britain and West Germany to join protests lead by the opposition Movement for the Restoration of Democracy (MRD).

Gatt expects small rise in second-half world trade volume

BY ANTHONY McDERMOTT IN GENEVA

THE volume of world trade this year is likely to match that of last year, according to the General Agreement on Tariffs and Trade in its annual review.

"The indications are that this modest goal will be achieved" assuming a rise in volume in the second half of this year on the back of world economic recovery.

World trade declined by 2 per cent in volume terms last year from 1981. It fell 6 per cent in value terms to $1,850bn (£1,240bn).

Volume continued to decline until the last months of last year.

But there is a note of despair in Gatt's report. "All the particular difficulties—the capital shortage, the debt problem, protectionism—can be brought to the common denominator of failures of the price system."

Gatt asks that governments, particularly in the *industrialised* world, should not indulge in an *"after you" policy of easing protectionism.* "It was the original purpose of the Gatt," the first chapter concludes, "to strengthen governments against the particularist pressures emanating from national economies. This purpose has almost been lost. A new joint intiative is needed to retrieve it."

The Gatt review pays particular attention to the problem of trade flows in 16 of the leading indebted countries which account for more than 60 per cent of the $620bn estimated to be owed by developing countries at the end of last year.

Gatt advocates changes in the trade policies of both creditor and debtor countries. In the latter case, it suggests the more efficient use of savings. For creditor countries there is a need to encourage exports from countries which owe money by giving them more *liberal access.*

Sharp fall between West and Third World

BY NANCY DUNNE IN WASHINGTON

ALTHOUGH the industrial countries' exports rose slightly in the second quarter of 1983 and their trade deficit narrowed in the first six months, worldwide foreign trade continued sluggish, according to statistics published by the *International* Monetary Fund (IMF) today.

Exports from industrial countries totalled $285.4bn in the second quarter, 1.3 per cent up from the last quarter but still 5.2 per cent below export earnings in the second quarter of 1982.

Imports for the second quarter, totalling $297.6bn matched the first quarter but *were 4.9 per cent less than in* 1982.

The contraction in world trade last year was due in large measure to a sharp fall in trade between the industrial and developing countries.

On the bright side, the trade deficit of the non-oil developing countries narrowed considerably, totalling 11.8bn in the first quarter, less than half the deficit of $23.8bn in the first quarter of 1982.

Midland to help finance Colombia project

By Frank Gray

MIDLAND BANK will participate in a $22m loan to provide finance and equity funds for a $102m cement plant to be located in Colombia.

The bank yesterday signed a participation agreement with the International Finance Corporation, the private sector finance unit of the World Bank, Credit Commercial de France and the Danish Industrialisation Fund for Developing Countries to establish the loan and equity facility for Cementos Rioclaro of Colombia.

***Under the agreement,* the IFC's share of the loan will be $11m. Midland will provide $6m, Credit Commercial $3m and the Danish Fund $2m. The IFC also will contribute $5m in equity to the company.**

The remainder of the project's debt financing will come from Fondo de Inversiones Privades of Colombia and local housing banks and *financial institutes.* A supplier of credit for equipment, erection and startup will come from the F. L. Smidth company of Denmark.

Midland's interest in the project coincided with that of the IFC. It said it was encouraged by Colombia's healthy financial situation among Latin American countries.

The 500,000 ton per year dry-process plant will be constructed in the Antioquia region, which includes Medellin, Colombia's second largest city. *The region suffers from* a cement shortage, and the country has identified a need for 100,000 new dwellings a year.

Robert Cottrell examines the latest example of Hong Kong business ingenuity

Textile trade spins money from quota sales

FARMING MAY well be the most profitable business in Hong Hong this year—but not the kind of farming which has anything to do with tractors or green fields. Today's moneyspinners are the men who "farm-out" garment export quotas, the licences issued by the Hong Kong Government permitting local garment manufacturers to sell products into overseas markets which are regulated by international trade agreements.

The quota system is a function of the Multi-Fibre Arrangement, an agreement which restricts textile and garment *trade between developed*-country importers and developing-country exporters. The agreement calls upon the governments of exporting countries to restrict at source the flow of garments to particular markets. Hong Kong does so by issuing quota permits to local manufacturers on the basis of past performance, but then allowing those manufacturers to sell on their quotas to newcomers in a secondary market.

This year, demand from the U.S. — Hong Kong's main export market—has resurged strongly after a recessionary 1982. The recovery has been a welcome surprise to Hong *Kong, and may help it* comfortably to overshoot official forecasts of a 4 per cent growth in real gross domestic products this year.

It has been an even pleasanter surprise for established garment exporters, whose quota allocations have soared in value. *But* new and expanding exporters are cornered. Order books may be booming. But to cover those *orders with* quota allocations may mean buying quotas at secondary market prices which more than wipe out profit. Such newcomers may hope in time to win a primary allocation of quotas for less popular categories of garments left unclaimed by more established *manufacturers. But for the* "hot"—popular—quotas, they remain at the mercy of the market.

A quota to export a dozen cotton sweaters to the U.S., which would have cost HK$60 (£5.30) in March 1982, was costing HK$470 in July this year. A quota covering a dozen pairs of cotton trousers or *shorts, changing hands* at HK$2 as recently as August 1982 has soared to HK$270. A quota for woollen sweaters which might have cost HK$56 last year cost HK$785 in July this year.

These are examples of price rises which are sharp, but by no means isolated. Industry sources say that, as an indicative estiment, a composite of major U.S. export quotas would show perhaps an eight-fold appreciation over secondary market prices prevailing a year ago.

The effect on local manufacturers buying secondary-market quotas can be to put profits in hock to quota prices, which at present levels will represent by far the largest cost element in *a garment manufactured for* export. Whereas it might cost HK$170 in materials, labour and overheads to produce a dozen pairs of jeans, an export quota for the U.S. market can today add a further HK$280 to the manufacturer's bill.

Defenders of Hong Kong's quota system say that it encourages flexibility and efficiency. If one manufacturer does *not* need a quota, he can sell it to somebody else who does without any time-consuming red tape. And letting a free market set quota prices helps ensure that quotas will go to the most efficient companies which can best afford to pay for them.

Critics of the system are not asking for increased bureaucracy, but they do believe that present regulations give too much leeway to established quota-holders. The key provision attacked by critics is one which permits quota holders to sell up to half their quotas in any one year without jeopardising their allocation in the subsequent year.

A further factor working in favour of established quota *holders is that their usage of* quotas will be officially assessed on an overall basis, and not on a by-category basis. So a manufacturer can sell on the secondary market a quota for a type of garment heavily in demand, and replace it on his books with a quota bought in cheaply for a less-prized category of garment. The effect is that, despite the foray into the secondary market, the manufacturer still holds for his own use the same number of quotas which he was originally allocated, preserving his future allocation and also turning a profit.

A Government-sponsored review of Hong Kong's quota system will soon be submitted to the Executive Council, the territory's senior policy-making body. Some industry sources believe that, while minor modifications may help open up quota allocations to *new holders, the* basic system will survive.

As Mr Hamish MacLeod, Hong Kong's director of trade, said in a recent interview with "Textile Asia" magazine: "There is nothing inherently wrong with a premium for quotas. If you allow transfers, which you must *for the sake of flexibility,* then the only way of deciding who gets the quotas is the simple way —who pays the most."

Cluff Oil wins stake in China offshore contract

BY RICHARD JOHNS

CLUFF OIL of the UK is a member of one of two consortia which yesterday signed exploration contracts with the Chinese National Oil Corporation.

The UK independent oil company is a member of a group led by Idemitsu which also includes Natomas of the U.S.

Cluff Oil said that it was unable yet to reveal its share in the venture covering an area of 963 square kilometres in the *Beibu Gulf of the South China* Sea but added that the percentage was "fairly small."

Cluff, however, has reached agreement with CNOOC on the terms of another contract. It is likely to be concluded in October, according to the company.

Mr A. P. Johnson, Cluff's exploration manager, said yesterday that the company was "happy" with the acreage awarded to it.

The second agreement was signed with the Japan National Oil Company (JNOC), the state entity charged with promoting *oil exploration and development.* It involves 1,283 square kilometres in the basin at the mouth of the Pearl River in the South China Sea.

Pakistan, Iran to sign trade deal

By Mohammed Aftab in Islamabad

MINISTERIAL-LEVEL talks start in Tehran tomorrow on fostering Iran-Pakistan trade. They are likely to last five days.

The goods traded between the two countries have been moving by ship and the overland railway route via Quetta in southwest Pakistan, and Zahidan in Iran. But very slow off-loading of railway wagons, slow movement on the line itself and its limited carrying capacity, have provided serious bottlenecks on the rail route.

Iran benefits from low shipping and railway freight rates and enjoys the added advantage that the goods do not have to pass through the Iran-Iraq war zone.

Apart from ratifying a trade agreement, Iran and Pakistan will sign a new trucking agreement which will enable Pakistani trucks to travel direct to leading Iranian destinations and by-pass the overloaded railway.

The two countries signed a trade agreement in April 1982 in Tehran, providing for $200m to $250m trade each way during 1982-83 fiscal year. The actual *levels of trade* appear to have fallen well short of this.

Pakistan exports under the agreement included textiles, *rice, iron and steel products,* carbon black, chemicals, fertilisers, sugar, fish meal, and poultry. Iran exported zinc, lead, sulphur, saffron, raisins, oilseed, medicinal herbs, and above all crude oil, amounting to 10,000 barrels a day.

Iranian exports during the first nine months of fiscal 1982-83, for which the latest statistics are available, were around $90m and imports from Pakistan $60m.

W. Berlin fair underlines Japan's video strength

BY LESLIE COLITT IN BERLIN

Japanese consumer electronics sales to West Germany rose 9 per cent to DM 1.11bn (£275m) in the first half of this year with West Germans buying 37 per cent of the Japanese video and audio products exported to the European Community.

This explains the strong presence of Japanese firms at the current International Audio and Video Fair in West Berlin which is billed as the largest of its kind. The fair is simultaneously a public and trade event, where companies can test consumer reaction to their new *products.*

Grundig, which is West Germany's largest manufacturer of consumer electronics, says its Philips-Grundig video cassette recorder, the 2000 model, has captured 30 per cent of the German market—an improvement of eight per cent on last year. This, however, is an outcome of an agreement by the Japanese voluntarily to limit sales of VCRs in Europe until *the end of* next year.

While some *industry* representatives say this has given European companies a breathing space in which to expand their own VCR production, others predict that when the agreement lapses, Japan will quickly make up for lost time.

Even under the self-imposed restrictions, Japanese VCR sales to West Germany expanded by 29 per cent in the first six months of this year.

Some 1.4m VCRs are expected to be sold in West Germany this year, worth about DM 3.8bn—DM 400m more than last year. Only 14 *per cent of* the potential West German market has been tapped and estimates are that sales next year will outstrip those of colour TVs which are still the mainstay of the trade.

Colour television sales in West Germany rose 3 per cent in the first half of this year and domestic sales for the year are estimated at about 2.4m colour television sets worth some *DM 4m.*

Thomson-Brandt starts to make JVC-licensed VCRs

BY PAUL BETTS IN PARIS

THOMSON-BRANDT, the large nationalised French electronics group, has started assembling video cassette recorder components in France on licence from JVC, the Japanese company accounting for 70 per cent of the world VCR market.

But the decision to begin assembly of mechanical heads and other VCR components, quietly announced by Thomson at a trade fair in Berlin appears to be turning into another controversy in France.

Thomson signed its landmark licensing agreement with JVC last spring to enable the French company to become a major manufacturers of VCRs.

Thomson announced in Berlin that assembly of the first Japanese components had begun on August 16 at Thomson's factory at Tonnerre in the French region of Burgundy. In so doing, Thomson appears to have pre-empted the French government which was considering proposals to build a new plant in France to manufacture and assemble the Japanese VCR components.

Oil assets likely to be sold off early next year

BY RAY DAFTER, ENERGY EDITOR

MR Peter Walker, Energy Secretary, is expected to tell Parliament next month that he plans to sell British Gas Corporation's oil assets in the spring. The sale is likely to raise more than £400m.

Mr Walker is still taking advice on the privatisation method but there is a growing feeling in Whitehall and the City of London that the assets will be sold through a public flotation. In this way a large new UK oil company will be formed with interests in five commercial fields and 20 oil exploration blocks.

The embryo company, Enterprise Oil, has already been established. Its eight full-time staff are temporarily housed at the London offices of merchant bankers Kleinwort, Benson.

The Government has appointed two directors to run the company: Mr Peter Elwes, a director of Kleinwort, Benson, who is acting as chief executive, and Mr Julian West, who has been seconded from the Energy Department, where he is an assistant secretary.

"What we are doing at the moment is ensuring that we are looking after the assets properly," said Mr West, who until a few weeks ago was Mr Walker's private secretary.

Mr West said the eventual size of the staff would depend on whether the assets are merely sold to other companies – either piecemeal or as a package – or privatised through a Stock Exchange flotation. He said: "If the floation route is chosen, we would need to staff up as a whole oil company. After two three years we might need a staff of 50 to 100."

Directors and staff of Enterprise Oil have not yet been told of the future for their company, which, according to stockbrokers De Zoete and Bevan, will have production and exploration assets worth about £540m.

Mr Ian Watts, an oil analyst with De Zoete, said: "Circumstances most readily support a flotation of the company with shares being quoted on the London Stock Exchange."

At present Enterprise Oil contains only the former oil production interests of British Gas. The Government is also expected to transfer the corporation's stake in eight exploration licences, covering 20 blocks, to the new company. This transfer is expected to be debated in Parliament when Mr Walker could well outline his plans for Enterprise Oil.

The company is producing more than 30,000 barrels a day – oil worth £800,000 daily – from its minority interests in the Fulmar, Beryl, North West Hutton, Montrose and Hutton Fields.

By 1986, according to De Zoete and Bevan, these interests should yield 52,200 b/d. The brokers estimate these assets alone are worth £465m.

Blockade backed in Vauxhall pay dispute

By Brian Groom, Labour Staff

NATIONAL officials of the Transport and General Workers' Union (TGWU) yesterday pledged their support for a blockade on imports of Vauxhall vehicles if the company does not substantially improve its 5 per cent pay offer.

Mr Grenville Hawley, the union's national automotive secretary, said that if no more talks took place or negotiations failed, he would recommend an embargo by dockers and lorry drivers to the general executive council.

This threat was meant as seriously as last year's threat to ban imports of the Spanish-built Nova, he said. Workers were angry that Vauxhall's record sales and record imports were not reflected in the pay offer.

There have already been half-day strikes by the TGWU and the engineering union at Ellesmere Port, Merseyside, and guerrilla stoppages by workers at Luton, Bedfordshire. Mass meetings have voted not to hold further negotiations unless the company makes a new offer.

Shop stewards representing half Vauxhall's 15,000 hourly paid workers lobbied Mr Hawley and Mr Alex Kitson the TGWU deputy general secretary Congress yesterday.

Mr Hawley said: "I have not been approached for some considerable time with the kind of difficulties that these lads are having with this organisation."

TRADE OFFICIALS SUGGESTED SHARE SALES ABROAD

Telecom offer to Japan

BY DAVID GOODHART

A REVEALING insight into Anglo-Japanese trade relations is unveiled in a confidential Department of Trade and Industry briefing on recent talks between the two countries on telecommunications.

Department officials, accompanied by senior British Telecom (BT) personnel, suggested to their Japanese opposite numbers in the Ministry of Posts and Telecommunications (MPT) that the British Government "might decide to sell shares in BT outside the UK and that Japan might be one possible market in which shares would either be sold to the public or placed with individual large firms."

The briefing continues candidly: "The Japanese find it difficult to believe that we were serious in suggesting a Japanese shareholding in BT and pointed out that in Japan there was a law preventing any foreign shareholding in Japanese communications companies."

The British officials were not, however, put off by the Japanese astonishment.

They pointed out that the Japanese Government is itself closely considering how best to sell to the private sector Nippon Telephone and Telegraph (NTT) – which operates domestic communications – and that new legislation could alter the existing prohibition on foreign shareholding.

During the committee stage of the last BT privatisation Bill, which fell before the last election, the Government said there would be some restrictions on the selling of shares outside the UK to "unfriendly countries".

Recent anxieties expressed by stockbrokers about disruption from the size of the BT sale, however, may have increased the Government's interest in selling to acceptable foreign countries.

Another passage in the briefing appears to confirm some of the dangers to BT's manufacturing industry from privatisation – highlighted by British manufacturers

The briefing states: "We drew attention to the difference in attitude between BT and NTT when considering foreign procurement.

"BT was scouring the Japanese market to identify appropriate products for their portfolio. Could not NTT use their London office at least to inspect and report on British products worthy of consideration."

The MPT did agree to put pressure on NTT to examine British products, and also undertook to look at the possibilities of mutual access to type approval procedure.

Europe's audio-video boom

BY GUY DE JONQUIERES

WESTERN Europe is now the world's largest market for audio-video products, far exceeding the value of sales in the U.S. and Japan, according to a study by Mackintosh International, the market research company. Demand is particularly high in Britain.

The study estimates that total retail spending on audio-video products in European countries rose by 12.4 per cent to $23.4bn (£15.7bn) last year, almost equal to the combined spending of $14bn in the U.S. and $12bn in Japan. The study points out, however, that retail prices were also highest in Europe.

The growth in Europe was led by a 42 per cent increase in industry shipments of video cassette recorders (VCRs) to 5.2m units and by record shipments of colour television sets, totalling 12.6m units.

Britain was by far the biggest market for VCRs, accounting for a 47 per cent of all machines sold in Europe last year. VCR penetration in the UK is the world's highest, and the study expects 27 per cent of British homes to have machines by the end of this year.

It forecasts that the recent curbs on Japanese VCR exports to the EEC will encourage increased VCR production in Europe. It expects the number of European production centres to rise to at least 14 by the end of this year, against only two in 1981.

The colour television market was boosted by growing demand for portable sets, accounting for more than 20 per cent of sales. Britain was the largest national market, taking almost 3m sets.

Mackintosh International, International Strategy and Information Service, Napier Road, Luton LU1 1RG.

Ford chief offers truce in the car war

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD's offer to call a truce in the new car discount war brought a mixed response yesterday from its main rivals but an enthusiastic reaction from its dealers.

Mr Sam Toy, the Ford of Britain chairman, attempted to bring an end to hostilities – which are estimated to have cost the industry £40m to £50m in extra incentives in August alone – when he said: "As the leading manufacturer, it is our responsibility to take the initiative and lead the industry back to more sensible marketing. We are getting out of the business of incentives. We hope the industry will follow."

Mr Toy said Ford would give its rivals at least two months to consider their position. He made it clear, however, that if they did not follow this lead Ford would not allow itself or its dealers to become uncompetitive – "We will get in and mix it," he threatened.

He also emphasised that, although Ford had now stopped offering extra incentive bonuses, that did not necessarily mean an end to discounting in the retail end of the trade.

Vauxhall-Opel, the General Motors subsidiary, immediately welcomed the move last night "if it is going to stop the current disorderly marketing."

However, Austin Rover, BL's volume car business, was much more cautious in its reaction – possibly because it attempted a similar strategy at the beginning of 1982 to the one now proposed by Ford.

Instead of its rivals following Austin Rover's lead, the discounting continued and the company's market share fell in the first quarter of last year from 20.6 to 16.6 per cent.

"We want to see what actually happens first before we commit ourselves," said Austin Rover's spokesman. "We have heard talk about a return to orderly marketing before and it has not happened."

Reactor talks to start

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN's plans to collaborate with five other European nations in the development of the commercial fast breeder reactor will not preclude future collaboration with the U.S. and Japan.

This guarantee was given by Energy Secretary, Mr Peter Walker, when he confirmed yesterday that Britain is to "open formal negotiations to seek agreement on joint development of fast reactors with France, Germany, Italy, Belgium and the Netherlands."

The plan is to achieve a wide-ranging collaboration covering research, design, the electricity industries and the governments of the six partners.

Mr Walker said Britain was "among the world leaders" in fast reactor technology. By joining the European club Britain expected to gain technically and economically.

TUC CONGRESS AT BLACKPOOL

Unions urged to resist Labour policy changes

BY DAVID GOODHART

FAILURES within the Labour Party were largely responsible for the Conservative election victory in June this year, but there was no case for changing the main planks of Labour's policy, Mr Sam McCluskie, chairman of the Labour Party, told delegates at the TUC Congress yesterday.

"If there is something wrong with the Labour Party there is something wrong with you, because you are the ones that set the tone for Labour policy," he said.

"It would be wrong for us to over-react to the defeat on June 9 by demolishing central pillars of our policies and platform."

Mr McCluskie also called for an end to the growing speculation about a weakening of the traditional bonds between the Labour Party and the TUC.

He did, however, reflect some of the growing doubts among union leaders about the possibility of a return to full employment. "Whether we can ever get everyone back to work or not, I'm not sure, but we can at least try with sensible socialist policies," he said.

Move for votes reform fails

LEFT-LED efforts to reverse the success of right-wing unions in changing the electoral system for the TUC general council failed yesterday when Congress voted decisively against an attempt to return to the old voting method, **Philip Bassett** writes.

The TUC voted in 1981 for a change in the system of electing the council. Based on voting by the whole Congress, organised in groups according to trade, this led to patronage by the largest unions, and the TUC in 1982 voted for a new system which gave seats automatically to unions with more than 100,000 members, and 11 seats to unions smaller than that.

Many smaller, left-led unions, robbed of the protection of the larger unions, have campaigned actively against the changes, and the campaign culminated yesterday in an open attempt by one of the most active unions, the television technicians' union, ACTT, to put to next year's Congress proposals for a revamped version of the old system.

Mr Alan Sapper, ACTT general secretary, said the new system had been and still was divisive. The old system was accused of patronage, but that patronage was still there – it had now passed to the smaller unions.

Unions agree to meet SDP

UNION LEADERS will, after all, discuss trade union reform with Dr David Owen, leader of the Social Democratic Party (SDP), in spite of a rebuff to them last week from a number of major unions who disagree with SDP policy on union reforms, **John Lloyd** writes.

The first union to meet him on September 22 will be the National Association of Schoolmasters/Union of Women Teachers.

Mr Fred Smithies, general secretary of the union, said yesterday that since the TUC was likely to vote for further talks with Mr Norman Tebbit, the Employment Secretary, he could see no reason for refusing to talk to other political groups.

Much more surprising is the decision by the Bakers' Union, one of the most strongly left-wing of the TUC's affiliates, to talk to Dr Owen – in spite of its opposition to talks with Mr Tebbit.

Mr Joe Marina, the union's general secretary, said he had telephoned the SDP's office to suggest that Dr Owen visited the bakers' London headquarters to discuss their views.

Dr Owen yesterday urged delegates at Blackpool to take decisions which reflected evidence of cross-party allegiances of rank-and-file members.

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FOCUS ON SOUTH AFRICAN COMMERCE AND INDUSTRY

Gencor — a powerful industrial structure based on gold and platinum

BY RICHARD ROLFE

In a further part of the series on South African commerce and industry, Richard Rolfe, editor of Finance Week, *Johannesburg, interviews Mr. Ted Pavitt, executive chairman of Gencor.*

Rolfe: The Gencor group is the result of the merger of General Mining and Union Corporation. Could you tell us more about it?

Pavitt: The group's history dates back to 1895, not very long after the discovery of gold on the Witwatersrand. In 1980 General Mining and Union Corporation merged to form General Mining Union Corporation (Gencor), the second largest mining house in South Africa with wide-ranging interests in mining, industry and finance.

Rolfe: The industrial sector was the largest divisional contributor to group profits last year. Is this significant?

Pavitt: Our industrial interests are fundamental to the group, not only because of their contribution to group profits, but because we believe this sector can be contra-cyclical to our mining interests. However, Gencor always has been, and will remain, primarily a mining house. Gencor operates 14 gold and/or uranium mines which last year produced 3,5 million oz of gold, or 16 percent of the country's production, and contributed 21 percent of South Africa's uranium. Gencor last year produced 30 percent of the country's coal. Furthermore, we are major producers of platinum, asbestos, fluorspar and chrome.

Rolfe: Nearly a third of your income last year was derived from gold and uranium. Do you expect this proportion to continue?

Pavitt: I expect the proportion of income from gold and uranium to remain high while we are in an economic depression. However, as the industrial sector picks up, the proportions will obviously change. For 1983-84 output is expected to remain at the same levels, but when Beatrix mine comes into production in 1984-85, the proportion will rise. This will, of course, depend on the gold price and whether the balance in the portfolio is maintained.

Rolfe: You have major interests in two developing mines, Beisa and Beatrix. How are they being funded and what are their prospects?

Pavitt: Beisa, which is a primary uranium producer with gold as a by-product, is fully funded, but because of depressed uranium markets its outlook is not particularly exciting. Beisa was funded through loans, equity and utilisation of St Helena's tax base. We, however, have a water problem, namely an inflow of six million gallons a day, double what was expected.

At the current gold price, Beatrix, which is expected to cost some R450 million, has a promising future. Developments to date have been financed by shareholders' loans, but longer-term funding is now being investigated. However, whatever route we take, the public must come in, but this doesn't preclude the use of loans as part of the financing. You will remember that when we funded Unisel, we increased the loan element considerably above the normal South African ratios of 60 percent equity to 40 percent debt.

Rolfe: You have important platinum interests through Impala. How do you expect platinum to perform in relation to gold?

Pavitt: Assuming the present gradual improvement in the major world economies continues, we believe the free market price of platinum will remain at a premium to gold. The present fluctuations in the price of platinum are determined by speculative forces and the situation will stay unchanged until physical demand for platinum improves.

The viability of recycling platinum from discarded automotive catalytical exhaust systems is a function of the price received for the recovered platinum and the recovery costs. It is difficult to say at what price recycling could become viable, but I would think it would be higher than the current free market price. The big problem, as you can imagine, is the collection process. This can only be done by people, which, in the United States, makes it a prohibitively expensive process.

Rolfe: Do you foresee a softening in Japanese demand for platinum as the jewellery market there becomes more familiar with gold?

Pavitt: The jewellery market in Japan is already very familiar with gold. We do not foresee any erosion in the present demand for platinum and we are, in fact, encouraged by the active promotion being undertaken by several companies in the Japanese platinum jewellery industry. In fact, excess metal on the free market is still being steadily absorbed by this market sector, which is now the largest consumer of platinum world wide.

Rolfe: What is your prognosis for coal exports?

Pavitt: Exporters are facing the aftermath of over-reaction in 1980-81. The euphoria resulted in export capacity being substantially increased. The present recession has meant that consumers are overstocked. Supply and demand can only be expected to come into balance by 1986.

South African exporters who traditionally compete for market share and price with the United States, Canada, Australia, Poland, Russia and China, are finding themselves with unsold tonnage. Unfortunately this has led to price cutting amongst South African exporters, with prices drifting down to break-even and below. This dilemma will be aggravated next year when the coal-handling capacity of Richards Bay is further increased. Future cost pressures will, undoubtedly, force exporters to increase price levels or accept losses.

Rolfe: Have lower oil prices had a serious impact on the coal industry?

Pavitt: Current oil prices haven't had a material effect on the industry, as the price of coal is presently at between 60-70 percent discount on heat parity with oil. In fact, should the reduction in oil prices assist in the recovery of the world economy, it would benefit coal consumption and lead to an increase in demand.

Coal volumes and price will improve in 1985 as the coal industry is subject to the same economic cycles experienced by other market sectors. Coal exports are expected to peak in 1987, followed by a slight downward trend when supply and demand imbalances might again lead to a price depression because of the lead and lag between supply and demand.

Gencor, however, has every faith in profitably expanding its future coal exports to fill the allocations available to us.

Rolfe: Do you envisage any recovery in the uranium market?

Pavitt: We believe that the stock levels being held by customers are coming down and that next year supply and demand will be in better balance, with the market turning in 1985. An improvement is already detectable with the spot price having picked up from $17 to $24 in the last few months. However, we expect market conditions to remain difficult in the immediate future.

Rolfe: What will be Gencor's next mining project?

Pavitt: In the gold sector we have Eendracht, in the Evander field, which we will develop at the appropriate time, possibly using Bracken's plant. There is also a large area in the Free State, opposite Orkney, which we could possibly exploit, using Stilfontein's plant when that mine's operations cease. We also have ground north of Beisa and east of Beatrix which looks promising.

Rolfe: Not withstanding the group's mining base, Gencor's industrial interests have become increasingly important over the past decade. Do you envisage any major developments in this sector?

Pavitt: The importance of this sector becomes evident when you consider that last year it contributed 35,4 percent to the group's attributable earnings. Growth of our industrial interests is a continuing process, which is currently dominated by the R800 million expansion programme by Sappi, the largest paper and pulp producer in Africa.

Mr. Ted Pavitt, executive chairman, Gencor

Kohler's acquisition of Dickinson Robinson group's SA interests is part of the Gencor group's growth philosophy of moving into the full spectrum of the packaging industry. Haggie has just completed a major stage of growth by acquisition; its balance sheet indicates substantially under-utilised cash resources which could be deployed in major growth opportunities in future.

Earlier this year Darling and Hodgson acquired a majority interest in Group Five Engineering which, it is anticipated, will materially strengthen the group's position in the civil engineering and related fields. In addition, Kanhym, the first farming company to obtain a listing on The Johannesburg Stock Exchange, last year completed the full absorption of the Karoo group with its large interests in meat.

You should keep in mind that we also have strategic holdings in various companies. We have a 10 percent interest in Siemens, as an example, and we believe that this close association will encourage Siemens to make use of Gencor's heavy engineering facilities.

Projects and possible acquisitions are continually considered, bearing in mind the balance of the portfolio, and we intend ensuring that the overall growth of the industrial sector continues no less rapidly than in the past.

Rolfe: What will Gencor's main strategy be in the foreseeable future?

Pavitt: The present pattern is unlikely to change radically and future growth will take place through additions to existing structures. I also believe we should continue to aim at aggressive growth, particularly in the industrial sector, but only in those areas in which we are already established.

Another important consideration for a group of our size and structure is to become more international. In the past we have, for very good reasons, concentrated on South Africa. We now need to seek opportunities overseas, initially in the mining field. For this reason we have purchased an interesting gold prospect in Brazil in partnership with Brazilian associates and it is currently being subjected to an in-depth technical evaluation and feasibility study. Our exploration activities also continue in Australia, where we already have mining interests.

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General Mining Union Corporation Limited

THE ARTS

Manet at Work/National Gallery

William Packer

The First Impressionist reassessed

Detail from "Portrait of Eva Gonzalès"

Edouard Manet died a hundred years ago this year at the comparatively early age of 51. Until the late onset of an incurable disease he had been at the height of his power, and at last, after the controversy and notoriety of his early career, secure in the enjoyment of a general reputation. The scope of his achievement was astonishing, in range as much as in originality, technique and authority, with perhaps most remarkable of all the extraordinary sequence of masterpieces that he, barely into his thirties, produced in the 1860s —*Le Déjeuner sur l'Herbe*, so casually shocking and his *Olympia*, the most magnificent nude of the century, among them.

He was loved and respected by his peers and we too have always known him to be important, and even suspected him of greatness: and just like his friends, we have not been quite sure why. Degas' terse tribute at his friend's death has been perhaps too lightly disregarded: "He was greater than we thought."

Movements in Art are so easily taken as more than they are; and all too soon, where artists have worked to an instinctive or tacit programme for a moment, the historian sets out convenient hermetic categories. Impressionism, a critic's jibe that stuck, is just such a case: the more we look at it the harder it is to see that it all should be crammed into the same box. Suddenly the now dubious whole interests us rather less than the parts; and at just such a moment the work of Manet, the First Impressionist, that has been standing by so quietly for so long, comes into its own.

It has proved to be a triumphant moment: the great Manet Retrospective at the Grand Palais has been one of the sights of Paris throughout the summer, as it is sure to be of New York this autumn (at the Metropolitan Museum from September 10 until November 27), and it is a revelation.

What it demonstrates so forcibly is that far from being a mere innovator, prologue and mentor to more substantial talents than his own, Manet can now be seen clearly as one of the great pivotal figures in the history of painting. It is now hard to see how such very different artists as Degas and Monet could each have gone so far and fast in his work without Manet's lead. The principal fascination now lies in Manet's own position as a great master in the great tradition of European painting.

It was to Spain in particular that he looked, and not only to Goya, whose spirited handling and openly expressive material make him the most obvious and immediate influence, but also by natural extension to Velásquez, perhaps the greatest of all painters, whose humane and ironical realism and innate refinement and delicacy of touch, so deceptively light and easy, make him in fact the more profound influence of the two.

Manet, a Realist before ever he was an Impressionist, is closer to the Royal Dwarves of the Prado, and the Maids of Honour, than to the overt polemic the The 3rd of May. He stands with Courbet at the point where that realist tradition is being turned by a more modern sensibility; and, encouraged by Baudelairean precept to be the Painter of Modern Life, he was to be the one to turn away from improving or sentimental genre to the life of the café, the boulevard, and pleasure garden.

Yet his ambition remained cast in an earlier mould, his great compositions most carefully contrived machines, his *Déjeuner* so shocking not at all for its actual but rather for its conceptual realism, the very idea. He was a painter always happier in the studio than in the open air, *sur le motif*.

Nothing seems hurried or fudged, no matter that the effective mark may be but the barest, loosest suggestion. And where the image is taken to the fullest realisation, the paint, texture, line, all retain nevertheless that characteristic ease and certainty.

But the great show, the first major survey of his life's work in 50 years, does not come here. We have Manets here, of course — the wonderful *Bar at the Folies Bergere*, his last masterpiece and the triumphant finale to the show, is usually safe at home at the Courtauld Institute: but the mass of those not in France are in America. Our National Gallery, however, has done its bit, and though necessarily modest, it is a commendable effort. It is an intelligent, resourceful and useful statement, a true complement to the larger celebration.

The device is simple: Manet at Work takes some eight of his paintings to stand for the several aspects of his work and to span his career: Manet the engraver, the portrait painter, the painter of modern life, Manet of the *Dejeuner*, *The Balcony*, *The Execution of Maximilian*, the Waitress in *The Brasserie*, the boats at *Argenteuil*. The examples are taken from what was to hand in the gallery's own collections, or could be readily borrowed, and all backed up with reference and photographic documentation. What comes through it all, through Michael Wilson's engaging and informed scholarship (there is an excellent handbook-cum-catalogue), is that it is to the painting as painting that we must look for the painter's final vindication.

We first see Manet in the Tuileries Gardens of the Second Empire, making rapid notes of his friends on the spot, and yet looking to the whole genre of the public promenade and al fresco gathering, indeed to Velásquez's cavaliers in particular, to supply the broader context.

There he is in the country with his friend Monet, making the direct and fluent study for the later, more careful version: now he is fixing the composition of his picnic in the woods with reference to the old masters: now painting the portrait, so beautifully fresh, of young Fanny Claus, who is to be one of his model friends upon *The Balcony*: now cutting the canvas up to tinker with the arrangement of the waitress and her customers Au Café: now working from photographs of Mexican soldiers for the Execution of the Emperor, yet indifferent to the literal niceties of uniform and circumstance: now adapting his own image of a dead torero to a print of a victim of the Commune: now painting and repainting the head of his young student, Eva Gonzalès, some forty times to the wry irritation of Berthe Morisot, another of his many friends.

We see the painter at work, as it might be any painter—for there is a community of practice in general terms — looking, studying, rethinking, trying things out, having another go, trying above all to get the thing right. But this is special: the painter is Manet, an artist, pace Degas, who is indeed greater than we might once have thought him. He continues At Work until October 9.

XVIIth Council of Europe art exhibition/Istanbul

Antony Thorncroft

The exhibition has stretched itself to its furthest limits this year with Turkey the host nation and "Anatolian Civilisations" the subject of the displays which have erupted throughout Istanbul—although only on the European side of that secretive city.

Since Anatolia is today Turkey but was traditionally the heart of Mediterranean Asia the exhibition might seem to have slipped into another continent. Such a view would hardly be sustained after a visit, for Anatolia's involvement in, and contribution to, European history, including, of course, art history, is immense. The organisers have taken the long, 100,000 year, view of the subject, and the arrival from the east of the Turks just after 1000 AD and the cultural innovations of the Ottomans is little more than a grand finale.

If the purpose of art exhibitions is to educate, Anatolian Civilisations must be judged a great success. It is an important event for the Turks, the first major art show in the country, and 5,000 objects have been gathered together not to glorify the present Government, or Turkish history, but to stress the antiquity of the country and the contributions of the many civilisations that occupied the land. A modern Turk leaving the main display in St Irene, Justinian's domed basilica of the 6th century would feel that he was as much the descendent of Greeks and Romans, Hittites and Trojans, as of Suleyman the Great.

St Irene is the kernel of the exhibition, with displays ranging from the neolithic through the grand Greek and Roman statues of the Pergamon school to the intricacies of Byzantine church furniture. (Byzantium is the least well served here of the Anatolian civilisations but then it is a surprise on visiting Istanbul to discover how little tangible of the Roman Empire in the East survives as against the copious written records which were safely transported to the west).

But portrait busts of Roman emperors are the small change of British museums. More compelling are the early exhibits. It is humbling to compare the decorated pots of the 6th century BC with similar objects of 2000 years later: progress seems minimal and the march of civilisation no more than running on the spot. Then suddenly the Hatti civilisation, from 2500 BC to 2000 BC, produced metalwork of great delicacy; the motif of the Exhibition is a votive offering, twin gods, hands clasped, delicate and chaste, a symbol for millenia.

The exhibition does much to rehabilitate the Hatti, who disappeared from history when they were absorbed by the Hittites. Now much that was of Hatti origin is known to have survived and influenced later generations, and the Hatti deserve some of the prominence given to their contemporary but distant settlers of Anatolia, the people of Troy. Rather heavy gold Trojan jewellery is on show but, as throughout the exhibition, the destruction and dispersal of Anatolian cultures by unscientific 19th-century archaeologists, has forced contemporary scientific researchers to make the most of disturbed sites and buried remnants.

Many of the finest works of the classical period are now in foreign museums—in London, East Berlin, Paris—but modern taste has moved away from the monumental, and the small 2nd century BC Greek terracotta figure of Aphrodite and the Urartian bronzes of roaring lions now seem the highest manifestations of early art.

The Topkapi Palace, the retreat of the Sultans, has naturally been exploited for the displays of Ottoman art, where the expected miniatures, embroideries, arms and ivories are on show, areas where artists, forbidden by religion to express themselves through portraiture, found expression in intricacy and ornateness. This is art produced by state craftsmen with prodigious resources at their command, but the brashness and extravagance is always balanced by skill and subtlety.

A commendable feature of the exhibition is the didactic shows. In the Ibrahim Pasa Palace, which overlooks the site of the Hippodrome, there are, along with the carpets and costumes, scenes of Turkish life, showing with all the relevant objects preparations for ceremonies like circumcision and wedding practices, which in rural areas of Turkey are performed today with little change from past centuries.

The Ottoman era comes into its own with some specialist shows which are unique in their comprehensiveness. In the Military Museum there is a display of tents, but tents used by campaigning sultans and decorated with embroideries of Istanbul.

In the headquarters of the Whirling Dervishes there are musical instruments, enlivened with miniatures of the instruments in play, and, back in the Topkapi, rooms are given over to jewels, calligraphy and coins.

Spreading the exhibition over many sites avoids indigestion and enables peripheral collections to make an impact. Opposite the Archaeological Museum there is a garden decorated with tombstones tracing the different attitudes of the Anatolian civilisations to commemorating the dead. The Greek stones show funeral banquets; the Christian pious expectations; the Islamic calligraphic resignation.

The exhibition closes on October 30, 1983.

Symphony in C/Covent Garden

Clement Crisp

The New York City Ballet season ended on Saturday after two performances ablaze with the light of the company's special genius, that life-enhancing, intoxicating affirmation of beautifully ordered classic dance. The sense of energy, purpose, joy in what we see braces and stimulates like ozone.

Balanchinian style demands an assurance, speed, a physical integrity that is puritanical in its avoidance of decoration or factitious charm: the dance is there to be danced, not "sold" on terms of personality, or offered like an Alexandra Rose Day emblem in the cause of charity. Behind each step there is an image whose theatrical form and quality Balanchine knew and made his dancers discover: the power implicit in a simple stretch of the leg, or even in the tight, alert fifth position of the feet, poured into the choreography and was shaped by it. After two weeks immersion in this exhilaration, ballet without NYCB clarity and drive seems airless, thin stuff.

Saturday's performances, with *Agon* and *Davidsbündlertänze*, or *Mozartiana* and *The Gershwin Concerto*, both followed by *Symphony in C*, proclaimed the wealth of NYCB in ballerinas. The company does not call them ballerinas, but in a Western world dreadfully short of women who deserve this title—its connotations of authority, command of an art absent in most European troupes—NYCB has presented principals magnificent in their range as in their variety of physical and emotional presence.

In *Mozartiana* and *Davidsbündlertänze* Suzanne Farrell showed dancing of inspired musical control and temperamental nuance, entirely born of the music; in *Symphony in C*. Merrill Ashley drew the choreography in sunlight, while Kyra Nichols fashioned the dance with loveliest generosity, and Lisa Hess and Melinda Roy and Katrina Killian sparkled like young divinities. Heather Watts in *Agon*, *Symphony in C*, *Davidsbündlertänze*, offered wonderfully contrasted aspects of her incisive, intense dance style; Maria Calegari in *Agon* and *Gershwin Concerto*, as in every role this season, revealed a precision of line and utterance that made the dance pristine in shape and energy. Karin von Aroldingen, the heart of *Davidsbündlertänze*, inhabited the score and gave it life for us.

The beautiful Stephanie Saland had a warmth of feeling exactly matched by her lustrous dancing in *Davidsbündlertänze*; Lourdes Lopez, Judith Fugate, Elyse Borne, Stacy Caddell — and the list could go on—demonstrated the wealth of talent ready to assume the greatest leading roles.

Among the men the season has been especially rewarding for Ib Andersen—whose performance in *Mozartiana* on Saturday night was without flaw, sweetly perfect and sublime in ease—for the young Jock Soto, for Joseph Duell (exceptional in *Divertimento No. 15)*, for Sean Lavery, Bart Cook, Jean-Pierre Frohlich and Kipling Houston.

The glories of the Balanchine repertory—notably of the late masterpieces, with *Mozartiana* telling how genius can pare away feeling and movement to an irreducible and burningly intense minimum and people a stage and our minds with just three principals, four soloists and four little girls — have brightened the air. Jerome Robbins' new pieces, John Taras' *Souvenir de Florence* and Peter Martins' *Concerto for two solo pianos* (a fearsome score sensitively comprehended) have told how NYCB can still develop.

It has been, I would hazard, the most successful NYCB season in London. It was too short. The next visit—which must come within three years, please—should be longer. The season was made possible by the Midland Bank, and by the American Friends of Covent Garden, through inspiring and most generous sponsorship. Commercial support for some of the small and struggling enterprises we see is pious but futile: fiddling sums to try and rescue piddling activities. Major support for great companies like NYCB permanently enhances the life of the nation.

Peter Grimes/New Theatre, Cardiff

Max Loppert

The Welsh National Opera *Peter Grimes*, which opened at Cardiff on Friday, is not wholly new. John Copley's production, Michael Stennett's costumes, conductor Richard Armstrong and the three principals were first assembled in 1978; but Henry Bardon's sets, not much praised at the time, have been replaced by Robin Don's. Except in one important respect, renewed effort has been rewarded with success: this is a *Grimes* traditional in the best sense, true to the text but, more important, truthfully, freshly, and feelingly given.

The production is, as one might expect, practical and practicable in outline—and, as one might perhaps have expected less, almost wholly free of Copley-ish embellishment. The New stage cramps the opera's public scenes a little, yet the lines of dawn activity and later of Borough outcry run quite as cleanly as of the more intimate scenes (the handling of the women's quartet is especially admirable).

So much rings true that two details—both concerning Ellen: her goldrimmed spectacles and the stagey way she is left among the crowd at the close—ring falser than they might otherwise have done. The new permanent set, changed by the rise and fall of props (not all that smooth, on Friday), is a ramp disclosing at its rear a wide sea, upon which John Waterhouse's projections and lighting play with a marvellous awareness of the way sea weather charts the poetic and emotional progress of the opera. Grimes' hut looks improbable; the rest supplies a useful and convincing frame.

The cast moves naturally within its bounds. Josephine Barstow's Ellen is a wonderfully moving combination of repressed intensity and sudden repose; the voice, which might be thought too idiosyncratic for the music, takes to it with extraordinary eloquence. Terence Sharpe's Balstrode is the more effective for his seeming ordinariness; the Borough notables, including Helen Watts (Mrs Sedley), Donald Maxwell (Ned Keene), and an unusually vivid and powerfully sung Bob Boles from Arthur Davies, are free from the exaggerations that now attend the famous Royal Opera *Grimes*.

But in the title role John Mitchinson, though he shapes the line with much greater fluency than most other tenors of his vocal weight, lacks a genuine theatrical presence. Through well-meant and often quite well-taken stage manoeuvres one seems to watch a hard-working singer, not a real character; this inevitably dulls, to some extent, the force of the whole presentation.

If this is the show's weakness, the conducting of Richard Armstrong (with splendid playing and singing from chorus and orchestra) remains its outstanding strength. At first, urgency and vigour threatened to overpower the listener—though in a small theatre fine instrumental detail is much more easily appreciated, crude force is a much closer danger. But from the second act the balance of the performance was caught and held; and in, for example, his way of placing the passacaglia at the very pivot of the action, the keenness of Mr Armstrong's approach was made manifest.

OBITUARY

John Gilpin

The English dancer, teacher and producer John Gilpin died, after a heart attack early on Monday morning. He was 53 years old. Born in Southsea, in 1930, John Gilpin studied dancing at the Cone-Ripman school, and made his stage début as a child actor before joining Ballet Rambert in 1945. His youthful good looks and his already elegant technique swiftly won him principal roles —he was memorably the rabbit-catcher in Andrée Howard's *The Sailor's Return* in 1947— and he subsequently danced with the Grand Ballet du Marquis de Cuevas and Roland Petit's Ballets de Paris before, in 1950, he joined the company with which he was thenceforward to be particularly associated, Festival Ballet.

His natural distinction of manner, fluent technique and pure line marked him as a premier danseur of noble lineage. He partnered many of the eminent ballerinas who appeared with Festival Ballet—Markova, Danilova, Toumanova, Chauviré—as well as forming a happy partnership with Belinda Wright.

He filled out the princely heroes of the classic repertory with easy grace; his prowess shone in many created roles (memorably in Dolin's *Variations for Four)* and if there is one image that ballet-goers vividly retain of Gilpin as virtuoso, it is as the exultant, shining leading man in Lander's *Etudes*,

John Gilpin made guest appearances with many ballet companies, and he was for several years artistic director of Festival Ballet. His career as a dancer was curtailed by ill-health, and he bravely faced the problems that came as a result of his illness, dealing frankly with them in his autobiography.

After he had ceased dancing, he worked in several countries as a teacher and producer. He was twice married; first to the dancer Sally Judd, and most recently—in July this year—to Princess Antoinette of Monaco. The great charm and generosity of manner that marked John Gilpin's performances, and which won him such public acclaim, were no less his as a private person; he possessed grace of spirit.

CLEMENT CRISP

Edinburgh transfers

The best, and the best publicised, of the Edinburgh Festival, is now filtering down to London. The Stary Theatre of Cracow, which opens at the Riverside tomorrow with a Wajda adaptation of "The Idiot," is perhaps the most significant but, for the light hearted, comedian John Sessions is currently performing his one man show at the Gate at the Latchmere in Battersea.

Sessions, a better looking version of Rowan Atkinson, has a similar "one man's imagination against the world" stance. His monologues suddenly strike out in the least likely direction, and there is John McEnroe fulfilling a life time dream of serving behind the counter at Wimbledon Post Office. Much of it is very funny, some of it tedious, but Sessions is talented and likeable. An agreeable evening. The show runs until Sunday.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

September 2-9

LONDON

English National Opera: Coliseum: David Blake's Toussaint, a flawed but at its best powerfully original blend of political opera and Grand Opera, returns to the theatre where it was first performed, but in a radically revised form. Mark Elder (conductor), David Pountney (conductor) and Neil Howlett in the title role are well remembered from the premiere, as are Mari Bjornson's brilliantly evocative sets. Further performances of ENO's smash hit Rigoletto, and final showings this season of its disappointing Don Giovanni revival. (836 3161).

Royal Opera House, Covent Garden: The New York City Ballet finishes a glorious season. See panel. (240 1066).

WEST GERMANY

Berlin Deutsche Oper: Acclaim for Lulu with Karan Armstrong in the title role was unparallelled. It has a finished Third Act. Lucia di Lammermoor is perfectly cast with Cristina Deutekom, Alberto Cupido and George Fortune in the leading roles. Fausts Verdammung convinces thanks to brilliant Kenneth Riegel in the title role. Also on performance this week: The Merry Wives of Windsor, finely interpreted by Barry McDaniel and Lucy Peacock. La Bohème sung in Italian stars Pilar Lorengar.

Hamburg Staatsoper: This week's higlight is Othello with outstanding Julia Varady and Wladimir Atlantow, conducted by Guiseppe Patane. Alexander Zemlinksky's rarely played Der Kreidekreis is of respectable standard. Hoffmanns Erzählungen, feature famous Olympia Edda Moser und Luis Lima in the title role, is a Jürgen Flimm production. Donizetti's Der Liebestrank rounds off the programme.

Frankfurt Opera: Carmen has Seppo Ruohonen making his debut as Don Rose. Elektra, given for the last time this season, has Daniza Mastilovic in the title role. Der Türke in Italien brings together Ilse Gramatzki and Dieter Weller. Un Ballo in Maschera is a fresh and delightful revival. Die Entführung aus dem Serail closes the week.

Cologne Opera: End of season. New season starts on Sept 26.

Stuttgart Württembergische Staatsoper: End of season. New season starts on Sept 20

Munich Bayerische Staatsoper: End of season. New season starts on Sept 20.

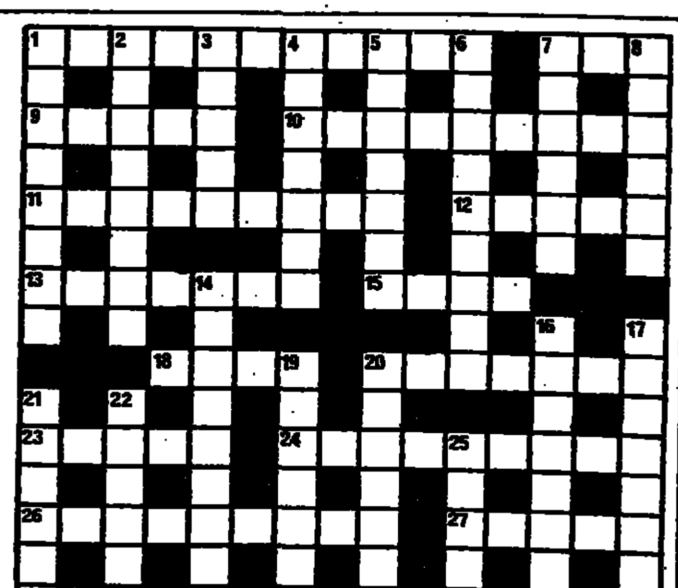
NEW YORK

New York City Opera: At Press time, the musicians strike continues, cancelling scheduled performances of The Mikado but worth checking (assuming the phone company's strike allows). New York State Theater, Lincoln Center (870 5570).

New York City ballet tour

The New York City Ballet's six-week European tour beginning at Covent Garden will be a particularly poignant tribute to the company's long-time leader and inspiration, George Balanchine. The repertoire, including 16 of Balanchine's works to be performed with six by Jerome Robbins and three by Peter Martins, will be seen for a fortnight each at the Tivoli Concert Hall in Copenhagen and at the Festival International de la Danse in Paris after Covent Garden. There will be ten European premieres, among them Balanchine's Mozartiana and Robbins' Piano Pieces, first performed at the company's 1981 Tchaikovsky Festival. Principal dancers performing in Europe will include Peter Martins, Leonid Koslov and Valentina Koslova, Suzanne Farrell and Kyra Nichols, with the orchestra under the batons of Robert Irving, the company's music director; Gordon Boelzner, associate conductor; and Hugo Fiorato. On their return in October, the company will begin preparing for their 79th season, opening on November 15.

F.T. CROSSWORD PUZZLE No. 5,209



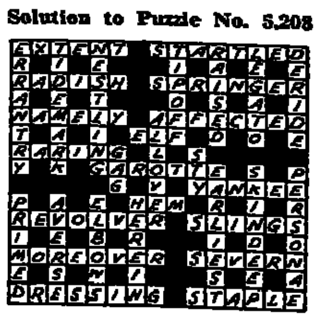
ACROSS

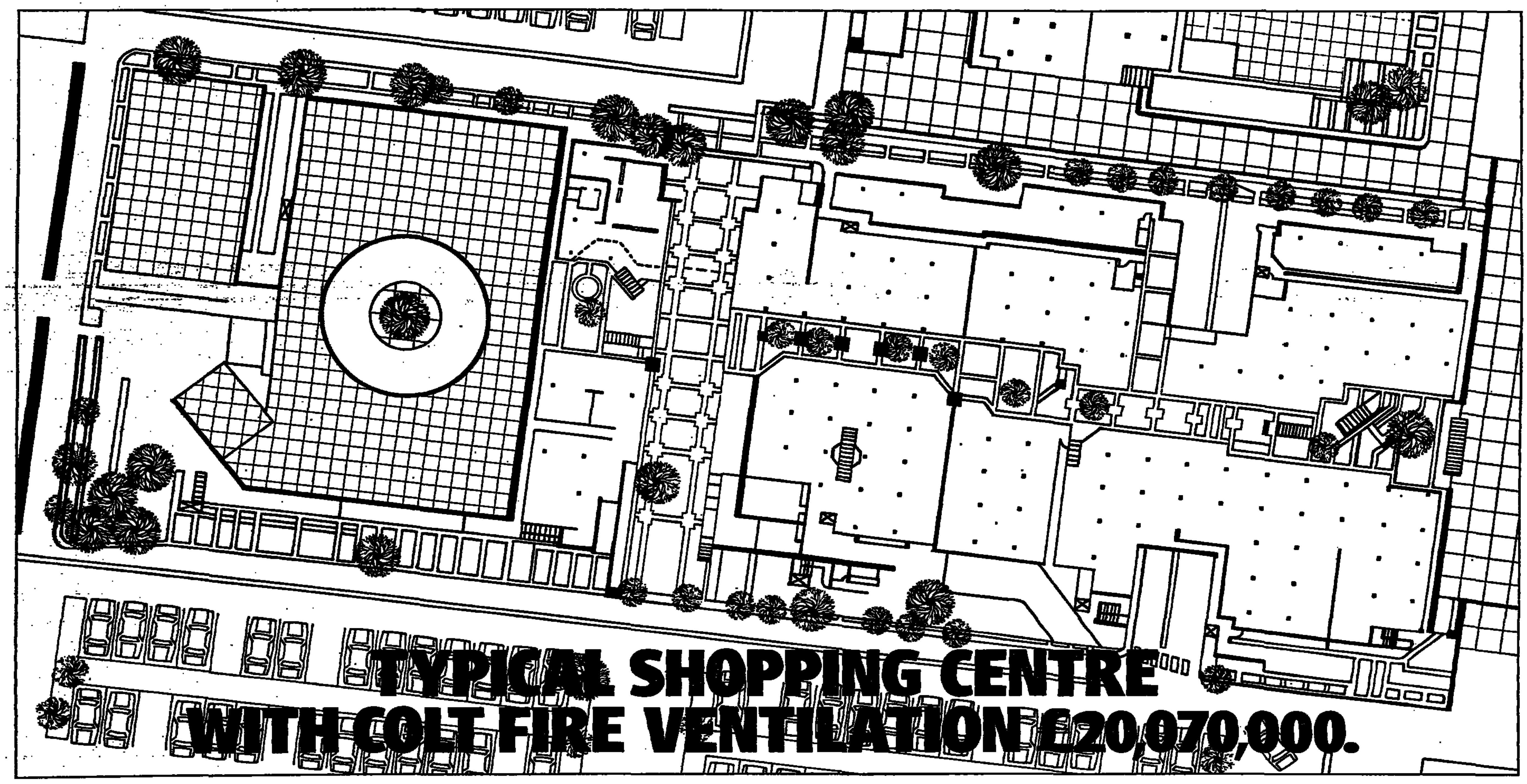
1 Novel time for Spring's awakening (11)
7 and 28 across: Holiday when one is not at one's best (3, 3)
9 They are used for holding coal fires (5)
10 Article is made practical (9)
11 Realise it is translated into Hebrew (9)
12 Hearing test (5)
13 It makes sense if it is used to win at cards (7)
15 Celebrated Chinese dynasty (4)
18 Ruth as an infant? (4)
20 Acts for different agents (7)
23 Black magic? (5)
24 Rag-time band leader was great (9)
26 Thought me old fashioned about it (9)
27 Once more makes a profit (5)
28 See 7 across
29 Exact monies may be required to pay them (6, 5)

DOWN

1 Mother's pets are dogs (8)
2 Credit no other principle (8)
3 I sell broken thread (5)
4 Change of raiment for a girl (7)
5 Publisher's experts or publisher's clients (7)
6 Its object is to encourage capital growth (4, 5)
7 Not in suitable attire (6)
8 Getting a hundred into line is easy (6)
14 Scramble at the pig's food (9)
16 A port or claret (8)
17 Items of clothing used by violinists (1-7)
19 Cat lies injured, stretcher required (7)
20 A precious possession one is not bound to have (7)
21 What may be said about me is only insinuated (6)
22 Fatal delay, perhaps, involves a number (6)
25 A bit on the side? (5)

Solution to Puzzle No. 5,208





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Tuesday September 6 1983

Talking shop in Madrid

THOUGH East-West détente seems virtually frosted over, the institution to which it gave birth eight years ago still lives on in a fashion, and this week marks another minor milestone. The Madrid conference, set up to review compliance with the principles of the 1975 Helsinki agreement on Security and Co-operation in Europe, concludes three years of painfully slow negotiations with a ceremonial meeting of foreign ministers, and will pave the way for another set of negotiations, culminating in another review conference in 1986.

On the face of it, the practical result of the long years of talking may seem pitifully small. The document will pay lip-service to the virtues of détente, while implicitly admitting that these virtues are not being observed; yet it seems clear that neither of the two super-powers is showing any interest in the ideas of détente which raised such hopes in the early 1970s.

The disappointment is readily explicable. From Moscow's point of view the object of the Helsinki process was to ratify Soviet hegemony over Eastern Europe; from the West's point of view the object was to use the East-West thaw to extract some liberalisation of the Soviet system, even at the margin, or at least to extract a Soviet acknowledgment of the legitimacy of human rights claims. At the time, the Helsinki pact seemed to prompt a slight easing of Soviet restrictions on emigration, but since then the screws have again been tightened.

Human rights

The new document being approved this week again pays lip-service to human rights, such as the freedom of the individual and the right to join trade unions. But the Soviet Union, having got what it wanted at Helsinki, is not about to liberalise its authoritarian regime just because a piece of paper negotiated in Madrid says it should.

Yet the apparent sterility of the Helsinki process does not make it valueless. President Jimmy Carter needlessly complicated his diplomacy by his constant stress on human rights, but for the non-Communist world it is helpful to be in a position to assert the legitimacy of certain human rights principles which unites both the members of Nato *and* neutral and non-aligned countries like Austria and Switzerland.

Moreover, the existence of the Helsinki meetings provides a forum for debate whose potential may yet be more amply filled at some future date. In the current phase of Soviet-U.S. confrontation, the debate may be mainly propaganda; but if there should be another slight thaw, it could become more constructive. From this rather modest point of view, the main achievement of the Madrid conference may be to have secured another three years of life for the review process.

In practical security terms, however, the most important part of the package is an agreement to start negotiations on military confidence-building measures in Europe, from January next year. These will not lead to arms limitations, but the West will seek stricter monitoring of troop movements and manoeuvres so as to reduce the danger of a surprise Soviet attack; the Soviet Union will no doubt renew its propaganda proposals for non-aggression pacts and nuclear-free zones.

In the last analysis, however, the prospects for the Helsinki review process will be determined by the general state of East-West relations, and not the other way round. Mr Yuri Andropov's latest offer in the Euro-missile negotiations seems a step in the right direction, even if it does not go nearly far enough; the Soviet-U.S. grain agreement may be another slightly encouraging sign.

But these little tokens of hope, and such satisfaction as may surround this week's ceremony in Madrid, will now be totally overshadowed by the Korean airline disaster, compounded by Moscow's attempt to explain it away. If Mr Andrei Gromyko, the Soviet Foreign Minister, has any desire to improve relations with the U.S. he will have a lot of explaining to do when he meets Mr George Shultz in Madrid. Unless, that is, he cancels his trip to Madrid.

The decline of the regions

REGIONAL POLICY in Britain ought to present a ripe target for a radical Tory government. At a cost of around £500m in direct support from the Department of Industry this year, it produces mixed benefits; and there is widespread agreement about which aspects of policy are least beneficial.

High among the preoccupations of an inter-departmental group in Whitehall that recently put forward regional policy options for ministers has been cost-effectiveness. The existing regional grant structure has done much to encourage capital-intensive investment; much less to generate new jobs. And since capital subsidies encourage sub-marginal projects, such expensively created jobs may be among the first to go in recession.

Another key concern has been the discriminatory nature of the present assisted area structure. The West Midlands, for example, is not designated an assisted area, despite suffering disproportionate misery in the recession. Structural adjustment that might have helped revitalise the West Midlands, for example, is not designated an assisted area, despite suffering disproportionate misery in the recession.

There are, meantime, problems of co-ordination. The interraction of regional policy and urban policy has not, in the past, been properly recognised.

It is unfortunate that the Government chose to tackle the muddle by setting up an inter-departmental committee, a natural forum for horse-trading, which in this instance failed to achieve a full consensus. The risk is that existing distortions will simply be tinkered with under the euphemism of "more selectivity" and that there will be a shift towards promoting job-intensive investment which in reality will mean subsidising inefficent working practices.

Labour market

A more radical approach would be to recognise that financial assistance is one of the less important tools of regional policy and restrict it to inward investment by foreign companies, which can provide genuine jobs and an immediate balance of payments gain. There should, however, be a job cost ceiling and deserving candidates like the West Midlands should be eligible for aid. Attention could then focus on the real issues.

The most important of these is the labour market. In an ideal world regional decline would prompt a downward adjustment in local wage rates, which in turn would help attract investment back to the area. In Britain, however, pay bargainin gis relatively insensitive to regional variations in the cost of housing and transport; the response to rigidity in local labour markets tends to be migration of the workforce.

Part of the answer could lie in the Government's own back yard, where Civil Service pay might be decentralised or made subject to regional variation. It woulyd be a pity if the Megaw Committee's unenthusiastic verdict on these options were taken as the last word—especially isince its terms of reference were narrow.

In the private sector the insensitivity of labour markets needs to be seen within a wider industrial and financial context. The takeover boom of the 1960s and 1970s created a heavily concentrated corporate sector increasingly run from the south-east and an even more London-oriented banking system. Investment decisions of pension funds, the chief providers of risk capital in Britain, are similarly London dominated.

Concentration

This process of concentration has undoubtedly contributed to more pay bargaining at national level; perhaps also to more closures in the recession than would have taken place in a more geographically diverse industrial structure. Financial intermediaries and investors, meantime, are likely to be less sensitive to regional innovation.

Nor should the role of local government finance in accelerating the decline of weaker regions be ignored. While investors and developers are not required to meet the cost of new infrastructure as they move into growth areas, the cost of maintaining old infrastructure in depressed areas is not redistributed.

The question, however, is whether a radical programme to confront these problems has adequate political appeal. The apparatus of regional grants plays a crucial part in the political scoring system, giving politicians the opportunity to claim credit for (often spurious) job creation. The temptation is not easily resisted.

BRAZIL'S DEBT CRISIS

Tough talks, frayed nerves

By Andrew Whitley in Rio de Janeiro

"IT WAS essential that the new Letter of Intent mirror the necessary balance between external credibility and internal viability."

With that sentence from his formal letter of resignation last Friday as central bank governor of Brazil, Sr Carlos Langoni went straight to the heart of the tumultuous debate within Brazil over the Government's agonising nine months of negotiations with the International Monetary Fund.

The 39-year-old governor, praised for his academic brilliance and once tipped for higher office, went on to stick the knife in further.

"I am convinced that (our) recent experience with the original programme of the International Monetary Fund . . . indicates the difficulty of undertaking such commitments, which can only be reached at an extremely high social cost. Furthermore, these rigid targets are not indispensable to the fundamental objective of the Fund, which is the reduction of the external disequilibrium."

Sr Langoni could not have chosen a more sensitive moment to reveal publicly his change of heart about the effect of the negotiations he had personally led for much of the year. The revised Letter of Intent — Brazil's third in eight months—was waiting on his desk to be signed and returned to Washington.

It was already long overdue, partly as a result of the abortive round of talks with the IMF field team in July and partly because at the last moment the Brazilian side had tried, with some success, to squeeze last-minute concessions out of M Jacques de Larosiere, the fund's managing director, during secret talks in Paris last month.

Meanwhile, nerves were becoming extremely frayed in New York, where the 14-bank advisory committee for Brazil meets. Arrears on bank loan interest had been pushed to the limit, without these loans appearing on third quarter balance sheets as "non-performing assets."

Without the formal go-ahead from M de Larosiere the banks were unwilling to unfreez the $1.27bn in loans they have held up since May, when Brazil failed to meet the IMF's domestic targets and the whole process of helping the Figueiredo Government stay afloat and refinance its $90bn external debt came to a juddering halt.

Over the weekend the badly shaken government moved swiftly to brush aside their former colleague's criticisms and reassured the IMF and foreign creditors that the show was still on the road, almost as previously scheduled.

After a brief intermission to allow Sr Affonso Pastore, the new central bank governor, to read himself in, the Letter of Intent is likely to be signed in its present form. With the revised programme in his hands M de Larosiere is then expected to give the green light to the banks to unlock their loans and start arranging their part of the massive financing needed for "phase 2" of the Brazilian rescue programme, over the next 16 months.

Three leading players in the Brazilian drama. Planning Minister Delfin Netto (left) has the support of President Figueiredo (centre) for rigorous austerity measures which are described as unworkable by outgoing Central Bank Governor Langoni (right).

Sr Langoni's defection from the economic troika headed by Sr Antonio Delfim Netto, the veteran Planning Minister, did not come as a total surprise, as his differences with Delfim had become increasingly apparent.

But the former bank governor's attack on the credibility of the latest IMF package is sure to stiffen the already overwhelming opposition to it in the federal congress, in the press and among the trade unions.

The opposition parties have now made the rejection in Congress of the new Salary Law —the centrepiece of the Government's austerity measures—the immediate focus of attention. The Bill would restrict wage rises to 80 per cent of the inflation rate, meaning a big drop in real earnings.

For the opposition the Bill is a test of wills with Sr Delfim and an effort to restore the balance between the Legislature and the Executive in Brazil. But for the international banks the passage of the Bill is equally important, as a litmus test of the Brazilian Government's resolve and mastery of its own house. "There can be little point in negotiating a tough programme if the Government cannot implement it," a company chairman said privately last week.

On the present outlook, the prospects of the Salary Law getting through the Chamber of Deputies, the lower house, where a large majority of opposition and government part members have come out against the measure, look slim. Constitutionally Congress has 60 days from its presentation to decide on the bill.

There after, if it is rejected, the President can resort to his overriding powers to bring it into law. But that will not be until the second half of October and it is not clear whether Brazil's liquidity problems can wait that long.

Some opposition politicians have also called for the IMF agreements themselves to be debated, and approved or rejected, by Congress. But this is a demand Sr Delfim, who has just been reconfirmed by President Figueiredo as plenipotentiary for the economy and the IMF negotiations, is sure to fight tooth and nail.

In his letter of resignation Sr Langoni singled out as unrealisable in the allotted time frame, three key aspects of the new IMF programme. These were:—

- The commitment to bring inflation down from an expected 170 per cent this year to an average 55 per cent in 1984, with the monthly rate of increase down to 2.5 per cent by the last quarter.
- The reduction of the public sector deficit from this year's revised target of 0.9 per cent of Gross Domestic Product to zero by the end of 1984.
- The achievement of a current account deficit of between $6bn and $6.5bn, compared with this year's likely $8bn and the 1982 deficit of $14.7bn.

Sr Langoni was at pains to stress that he did not disagree with the changes themselves, only with the speed with which they were being implemented. This, he said on Friday, would only bring additional unnecessary misery to the tens of millions of Brazilians already on the borderline of starvation.

At the same time, however, he attacked the IMF for its "theological" approach to the adjustments Brazil is being required to make, in return for a standby loan of $4.63bn spread over three years.

The original IMF programme, drawn up with considerable speed last December took a much more leisurely approach to the question of a public sector deficit: the aim then was to bring it down from 16.9 per cent of GDP last year (a calculation based on a now discarded methodology) to 4 per cent by 1985.

Brazil failed by a spectacularly wide margin to meet any of the crucial domestic targets set by the IMF in the first quarterly check-up, at the end of May. The money supply for example was 300 per cent over the set limit. To compound the Government's problems in accomplishing the first Letter of Intent, the maxi-devaluation of the cruzeiro in February — designed to boost the trade surplus — upset all the fiscal and monetary projections for the rest of the year.

Lack of domestic confidence in the likelihood of the IMF programme succeeding further fuelled inflationary expectations and kept local interest rates high. In the first six months after the signing of the IMF agreement in February inflation leapt from an annual rate of 109 per cent to today's 152 per cent, compared with an original target for the year of 78 per cent.

In mid-year the IMF thus switched its attention from the balance of payments to controlling inflation, now dubbed "enemy number one" by Sr Galveas. New lower ceilings on growth of internal credit have been set in the latest Letter of Intent. But the main measure agreed was the salary law limiting wage rises.

Nonetheless, it is hard to see how the monthly rate of inflation, now average nearly 10 per cent, is going to come down to 2.5 per cent within a year if the Government fails to reduce its domestic borrowing requirement at the agreed rate.

There is little more to cut in state investments and the only alternative appears to be massive lay-offs in the public sector on a scale the Government has yet to admit and may not be able to handle.

As for the trade surplus, that is set to rise by $9bn next year based almost entirely on a rise in exports, as opposed to this year's slashing of the import bill. To reach the target, exports will have to rise by about $2.7bn, a goal which only appears feasible if there is simultaneously a strong recovery in world trade in 1984 and a relaxation of protectionist barriers in the West that Brazil has been complaining about for so long.

WHY THE IMF IS KEEPING UP THE PRESSURE

THERE is much at stake for the International Monetary Fund in its game of brinkmanship with Brazil. The Fund has emerged as the final arbiter of financial prudence in the international debt crisis. Without its imprimatur commercial banks simply will not reschedule or pump new money into the worst afflicted countries, as the case of Venezuela showed last week.

To keep its standing in the banking community, the Fund has to show that it is not prepared to be cowed by demands from the debtors for easier terms. In the short term, it might be easier for the IMF to gain an agreement with Brazil by accepting Sr Langoni's argument that the terms now proposed are too harsh. In the long run, however, its authority as a disciplinarian would suffer, and banks would no longer trust its ability to impose the right austerity measures as a backup for billions of dollars in new loans.

The significance of this reaches way beyond Brazil. In the whole of Latin America, only two countries — Colombia and Paraguay — have avoided rescheduling this year. It is the banks' faith in the effectiveness of Fund programmes that has prevented financial flows to the whole continent from drying up. Elsewhere, its imprimatur has been pivotal in resolving Yugoslavia's $20bn foreign debt problems and restoring Portugal's tottering credit rating.

In all this, the role of Mr Jacques de Larosiere, the Fund's managing director, is a lonely and supremely difficult one. What should he do if Brazil's Congress and Government were to refuse to accept a programme that includes a harsh cut in real wages and balance Government accounts?

By continuing to withhold IMF money from Brazil in those circumstances, he would be condemning the country to effective bankruptcy. Almost certainly, commercial banks would have to start writing off their loans to Brazil and confidence in financial markets could collapse, adding an awesome new dimension to the debt crisis.

On the other hand, by cobbling together a new softer programme, and continuing to disperse loans to Brazil, Mr de Larosiere would effectively be inviting all his other client countries to insist on similar leniency. This, too, would aggravate the debt crisis, by slowing the pace of economic adjustment in the debtor country.

This is not the first time that the IMF has been put in such a quandary by the political limitations on its economic adjustment programmes. Brazil just happens to be about the most critical case because of the size of its $90bn foreign debt, and the timing of its problems, right in the middle of a worldwide debt crisis.

So far, all the signs are that the IMF is determined to stick to its hardline approach. Its credibility was already battered by the failure in May of its first programme for Brazil.

"It has," says one banker, "to apply just enough medicine to cure the disease without killing the patient." This is its second chance to get the dosage right. Everybody concerned knows that there may not be another.

Peter Montagnon

Men & Matters

Carey's industry

The secret that Sir Peter Carey guarded so jealously while he was taking his leave of Whitehall at assorted revels during the spring is now revealed. The body with first call on his services and industrial experience is to be merchant bankers Morgan Grenfell, where he has been appointed an executive director.

Although 270 businessmen wished him well for the future at three separate parties the wily mandarin—10 years as permanent secretary at the Department of Industry — fended off all speculation about his future, apart from admitting that at least one prospective job was being vetted by the Government's Diamond Committee which oversees all Civil Service outside appointments.

Bill Mackworth - Young, Morgan Grenfell's chairman, who is also chairman of the Committee on Invisible Exports, has slotted Carey into the highest echelons of the bank to act as a sort of overlord on industrial matters to the executive sections of the bank. The job will be for three days a week — Carey is taking on other directorships. He will be worwking closely with the bank's management committee.

With the opportunity to battle on industry's behalf from a secure City base Carey will prove a doughty fighter. Almost his last act before retiring from the Department of Industry was to savage the Treasury for not paying enough attention to improving industry's performance.

Family service

With a bare 48 hours left before the expiry of his bid for Waddington, the Monopoly group, Robert Maxwell took no chances yqesterday over the delivery of the British Printing and Comunication Corporation's interim figures to the FT.

His messenger, Rolls Royce at the door, was one of the numerous hard-working Maxwell children; in this case a daughter working in the BPCC press office during the long Oxford vacation.

In harmony

The Bank of London and South America's Portuguese operation is moving from the routine of letters of credit and standardised cheques into the more exotic world of Lisbon's 18th century dusty-pink and gold opera house, the Sao Carlos.

For the first time in Portugal, where scanty funds make it hard to finance concerts by luminaries of the world of serious music, a bank—namely BOLSA—is supporting the cost of performances by a renowned young soprano, Yiliane Cotrubas, whose recent Mimi in "La Boheme" in New York brought hosannas from the critics. Cotrubas will be accompanied by the venerable Dame Moura Lympany—a double bill of a calibre that the Portuguese rarely see and hear.

The event may spur other private institutions into playing Maecenas in a realm where the Culture Ministry spent its tiny year's budget before June.

BOLSA will cover the lion's share of fees, accommodation costs and other expenses—ensuring that it complies strictly with the Bank of Portugal's regulations on payments of hefty fees to foreign artists—making it possible for the Sao Carlos to charge prices for the concert that range from just over £1.10 in the gallery or standing to about £4.50 for stalls.

The Portuguese concert pianist Adriano Jordao who coaxed Cotrfubas to sing in Portugal, then got the backing of BOLSA, was resolved to find a way for young music lovers to afford the concerts.

Wrong reaction

The needling point that SCRAM — the Scottish Campaign to Resist the Atomic Menace — was hoping to make by selling its bright yellow "postwallys" to Edinburgh Festival visitors seems to have been blunted.

These postcards, captioned "Pressurised Walter Reactor," show the prominent eyes and balding dome of Sir Walter Marshall, CEGB chairman, looming over a sketch of the PWR.

But Lady Marshall likes it — and her man is so delighted at the accolade of being commemorated on a postcard that he has bought a whole batch of them.

SCRAM, which is opposed to all nuclear reactors but especially the PWR, takes its name, not only from the acronym, but from a time-honoured bit of nuclear industry jargon — the "scram" or fast shutdown of a reactor in trouble.

A young physicist in the team which commissioned the world's first nuclear reactor was given the job of shutting it down in an emergency.

The procedure was quite simple. A metal rod was by a rope tied to a handy rail. If the rod fell into the reactor, it would absorb neutrons and shut the reaction down.

The scientist was handed an axe and told that if the needle on a big dial got to a certain point, he should chop through the rope "and scram."

Pledge unsigned

Today's first annual meeting of Business in the Community (BIC), the organisation set up by the great and the good to encourage more community involvement by British industry, coincides with the appointment of Bill Bowman, group personnel director of United Biscuits UK, as chairman of the London Enterprise Agency (LEntA).

Bowman, who succeeds Shell UK director S. J. Gallagher, is well qualified for the LEntA job as he is already involved in support for local enterprises. He was chairman of the steering committee to set up the One Per Cent Club—a brainchild of his chairman at UB Sir Hector Laing under which member firms would each year commit 1 per cent of their profits ot the community.

I must also report that although this idea has been widely canvassed and discussed by interested parties not a single company has yet formally signed the pledge.

United Biscuits' community activities, meanwhile, come in particularly handy at a time when its operations in some parts of the country are contracting. The company's initiative in that direction is certainly intended to soothe the pain on Merseyside where the proposed run-down of the Liverpool plant threatenes the jobs of 2,000 workers.

Dog's life

A $26,000-a-year dog catcher in Montgomery County, Maryland, has been suspended after spending his working hours for the last year an da half reading and listening to classical music. He claims to be allergic to dogs.

Dennis McCarthy, 61, a public employee, says that he was transferred to the county dog-catching division against his will, and is "happy as hell" to be relieved of his duties. Dogs give him emotional stress, rashes and high blood pressure.

He counts himself fortunate to have been able to improve himself during the 18 months he should have been catching dogs.

Observer

Letters to the Editor

Strength of the trade unions

From Mr I. Beardwell.

Sir,—Your Labour Correspondent's article "TUC membership set to fall to 10m" (August 30) does not fully explore, the question of trade union strength.

In common with many other reports at the present, emphasis is placed on absolute membership figures and the fall in trade union membership from the historically high levels of the late 1970s. It should be remembered, however, that throughout the 1950s, the 1960s and into the early 1970s trade union density (expressed as actual members as a percentage of potential) ran at about 45 per cent—at a time when trade unions were held to be "powerful" and to exert a major influence on the labour market and political life. In recent years these densities have increased so that by 1979 the density was 55 per cent. A falling away from that figure would be expected in a recession, but after three years of decline trade unions still retain a density of 50 per cent. This is quite dissimilar from the recessions of 1921-23 when density dropped from 45 per cent to 30 per cent and 1930-33 when they dropped as low as 22 per cent.

Thus, it might be argued, for total trade union densities to have dropped by only some 3 per cent to 5 per cent in the three most difficult years for trade unions in the past half century is a measure of their organisational strength and resilience and that, whatever the absolute decline of manual union membership in the basic industries, trade union membership is now more broadly based both occupationally and industrially and reports of its imminent demise are rather premature.

I. J. Beardwell.
Kingston Polytechnic,
Penrhyn Road,
Kingston upon Thames,
Surrey.

Evaluation of human life

From Professor P. Moore

Sir,—In the interesting article (August 17) and the following correspondence concerning the value to be placed upon a human life for decision making, one facet has not been fully exposed. I can illustrate this by the Health and Safety Act 1976 which, inter alia, led to the substantial strengthening of fire precautions in publicly used buildings at a cost of many billions of pounds.

The table shows the number of deaths from fires in 1976 and 1980 (the latest year for which figures have been published). The Act applies to the second row only which shows an actual rise in deaths but, even if the Act had halved the number of deaths per annum, the cost would be some tens of millions of pounds per life saved. The same amount of money spent on, say, eliminating road black spots would inevitably have saved considerably more lives per million pounds spent. Why is this glaring difference not noted and acted upon?

Location	1980	1976
Dwellings	822	690
Other occupied buildings	104	84
Road vehicles	58	60
Other locations	51	61
Total	1,035	895

I believe one factor is the cost of implementation of the Act which fell principally upon the private sector, while for the latter alternative it would have fallen primarily on the tax payer. Hence the decision to promote by legislation private expenditure on safety may well improve safety, but not be the most effective way of spending a given quantum of financial resources. Other similar examples could be quoted of the same phenomenon.

(Professor) P. G. Moore.
London Business School,
Sussex Place,
Regent's Park, NW1.

High rates and unemployment

From the Vice-Chairman, Policy and Resources Committee, London Borough of Richmond-upon-Thames

Sir,—While sympathising with the feelings of the business community on the issue of excessive rates, consultative committees are not the answer.

Special consultative status for one group of ratepayers will only lead to claims for such status to be conferred on other interest groups in the community. And even if one established such a committee, it is unlikely to make much difference. To the local politician it is votes that count, and to quote your own editorial: "... in poorer areas voters are almost completely sheltered from the costs of high spending. Electing extravagant authorities is a simple matter of intelligent self-interest" (August 18).

Increasing the proportion of local government finance that comes from central government is no answer either. Profligate local authorities are unlikely to modify their extravagance simply because more money is coming from elsewhere. And it is unrealistic to believe that increases in government grants would be matched by decreases in commercial rates. All that would happen is that wasteful authorities, many of whom have an ideological aversion to business, would enjoy more scope for their talents.

This is why the answer to penal business rates is to be found at a national, rather than a local level. And who can doubt that action at a national level is needed when one examines the contribution of high business rates to unemployment. In London, for example, one major car dealer pays over £1,000 per day in rates on his two outlets—a figure that represents a 220 per cent increase in five years.

Rate burdens of this sort can mean the difference between success and failure for a *struggling enterprise and the* difference between employment and unemployment for some of our fellow citizens.

(Cllr) Philip J. Circus.
Members' Room,
Municipal Offices, Twickenham.

Non-farmers and straw burning

From Mr J. Stevenson

Sir,—I find it slightly irritating to see (September 1) so many responses "from the non-farmer" appearing from central London and other urban addresses, those returning from holiday, and the like. May a country dweller give a non-farming view, anecdotal though it may be.

This year, the fields surrounding me on all sides were burned as usual. The operators could not have been more anxious to follow the code, alert their neighbours and adjust their programme to meet our wishes. The operation was soon over and the inconvenience was kept to a minimum. The real problem *is the ash and cinders;* our farmers immediately carried out the turning of the soil but the lack of rain resulted in the usual dirt getting into the house. If someone could solve that problem, I would be content.

I must be fortunate in living among farmers who succeed in being good neighbours.

John Stevenson,
Herb of Grace,
Barrack Hill,
Nether Winchendon,
Nr Aylesbury, Bucks.

The future of Ravenscraig

From the Secretary, Steel Industry Management Association, Ravenscraig.

Sir,—I hesitate to put pen to paper yet again in rebuttal of of unfounded and/or ill-informed comment in the national Press regarding Ravenscraig and its contribution to the performance of British Steel Corporation. Not that the case for this plant is any less positive than in recent months, quite the reverse, but one feels that the sustained refusal to print the true facts when supplied is but another indication of the pervasive influence of the BSC head office, rather than the obdurance of our editors.

I suppose we should be thankful that we make your columns at all for without the coverage provided by Mark Meredith on August 23 your readers might well believe that Mr MacGregor had already succeeded in wiping us off the industrial map.

Let me hasten to assure you that nothing could be further from the truth. Even Mr MacGregor has been obliged to acknowledge that our cost performance is as good as any domestic competition and our productivity is better than some and continues to improve.

Ravenscraig has played an essential part in what has been the Strip Product Group's most successful period of profitability and performance for many years.

Unhappily, Mr Meredith seems content to quote the BSC spokesman that failure of the U.S. Steel-BSC slab deal "leaves British Steel with one major problem: what to do with Ravenscraig's output?"

Dare we suggest the obvious: that BSC continues to sell our output to a welcoming domestic market?

Our customers, however, should be aware that closure of this mill and dedication of our slab casters to the American market will remove two-thirds of the strip group continuously cast killed-steel capacity, the product increasingly in demand by industry.

Of the three domestic mills, Ravenscraig alone can meet its total order load through the continuous casting route. Of the other two mills, one has no such facility and the other has to process half of its steel through the high-cost traditional ingot route. Both therefore will require substantial investment if they are to meet market-quality demands.

J. Gordon Pollock.
27, Tummel Drive,
Golfhill, Airdrie.

When the cat's away.....

From Dr A. Scotney.

Sir,—Going on holiday can be bad for your health. On August 3 I set off for three weeks in Penzance, informing my neighbour and leaving the keys of my flat in case access was required.

On August 11, the South of Scotland Electricity Board meter reader called and left a note to say he would try again on August 15. He duly called and left a further note saying he would call again on August 17. This note pointed out that the Rights of Entry (Gas and Electricity Boards) Act 1954 allows *Board employees to gain entry* to my premises after obtaining a warrant. On August 22, a recorded delivery letter was sent informing me that the Board was applying for a Warrant, that Board staff would call to gain entry on September 7, and that I would be liable for all expenses incurred. This letter could not be delivered because I had not yet returned: the GPO left me a note to collect it from the district office.

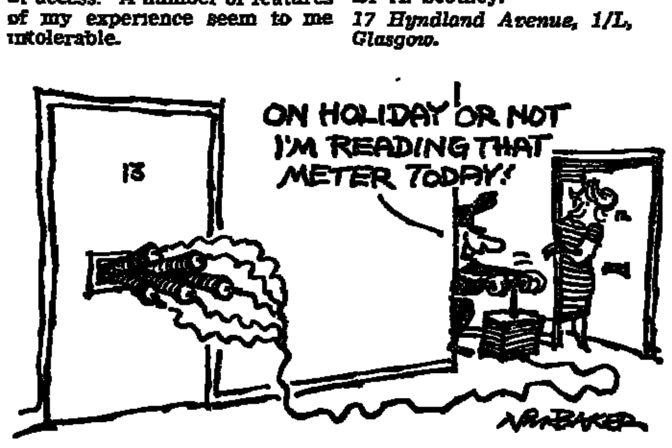
On August 26 I returned, and, after wading through the pile of SSEB and GPO notices behind my door, had to start sorting things out. I found that at no time had my neighbour been asked for information or access. A number of features of my experience seem to me intolerable.

To proceed from initial call to recorded delivery "threatening letter" in 11 days at the *height of the holiday season* is ridiculous. How many thousands of other consumers have been caught in this same web? Remember that our charges pay for this idiocy.

The draconian powers given to the Boards under the 1954 Act were meant to be wielded by personnel with enough functioning brain cells to use them sensibly. My experience convinces me that the time has come for the consumer to be protected from the arrogant and aggressive monopoly supplier until such time as some competition can be introduced. I and many thousands of others will then take great pleasure in telling the incumbents to get their equipment off our premises.

If I had been away, say, from August 10 to September 7, I would have returned to find my doors smashed in and Torquemada installed in my armchair with rack oiled and thumbscrews polished. For my part, I think it is high time that the Electricity Boards' swollen and apparently under-employed administrative staff was punctured by the attention of the Iron Maiden.

Dr A. Scotney.
17 Hyndland Avenue, 1/L,
Glasgow.



The mortgage situation

From Mr A. McBay

Sir,—I read with interest the article by Margaret Hughes (August 27) and I am surprised *that the blame for the present* mortgage situation is heaped upon building societies.

The comment that the societies have been "quick to exploit" the present position is crude in the extreme and totally ignores the scandalous exploitation by the banks of a market whose traditionally precarious equilibrium was upset largely by their intervention. The banks assured borrowers that they were committed to home loans for good and in a big way, but now that mortgages are not so profitable they have effectively shut up shop, having created an excess capacity which societies are now expected to alleviate. Equally heinous is that the banks have done this with almost no adverse media comment, one assumes because societies are easier prey to this and more vulnerable.

Having held off increasing rates for six months, societies raised their rates on July 1, and, more recently, announced special investment initiatives, in a bid to alleviate the "famine". Mrs Thatcher was said to be disappointed but not distraught so as to prevent her instructing the Chancellor to drive up the National Savings rates, thus depriving the societies of badly needed funds in months to come from traditional sources. *Only the biggest can hope to* raise wholesale funds in any meaningful quantity and even there the instruments of government have until very recently frustrated societies' attempts to develop this source more fully.

Those societies who did achieve reductions (for not all have) in the cost of borrowing to members, have done so for eighteen months and ought to receive more credit for this than has so far been given. If competition from, and profiteering by other financial institutions combine to drive up the cost of societies' funds (investing and borrowing) then societies cannot operate in isolation and should not be criticised in isolation. Differential mortgage rates are creatures of circumstance, not of choice, but in view of the criticism heaped on the interest rate "cartel" in recent months, it would perhaps be best if societies ignored the BSA recommendation system and charged one uniform rate judged by their individual operating margins.

Alistair McBay.
Maicot,
35, Copthorne Road,
Felbridge, Surrey.

The role of the board

From Mr M. Knight

Sir, — The report on management performance and the board referred to on August 25 confirms the widely held suspicion that little has changed in recent years in making more effective use of non-executive directors.

Despite official initiatives and support, it remains true that the boards of the country's medium and larger companies have too few non-executive directors, in particular too few drawn from the senior executive management of other businesses. Further, it *remains true that the* role of chairman is too infrequently understood and too often combined with that of chief executive (although this is not always inappropriate). It is not surprising, as a consequence, that the board does not play its proper role either in the formulation of corporate policy or in assessing the quality of its execution. Instead, it is merely an extension of the day-to-day executive management activities.

The current period of relative economic stability offers companies an opportunity to address basic issues to do with the role of the board, its composition and processes. The aim should be to give firm foundations to strategic renewal, and to put an end to crucial judgments being predominantly determined by perceptions of the *business derived from the past,* and to decisions of long-term consequence being dictated by the arbitrary nature of the last month's figures.

Michael Knight.
The Corporate Consulting Group, 24, Buckinham Gate, SW1.

Conversion from rail to road

From Mr L. Freitag

Sir,—I read (September 2) with interest the letter by Mr Dalgleish of the Railway Conversion League in which he claimed that the case for conversion from rail to road is "generally accepted." The question must be asked, by whom?

The arguments were thoroughly discredited by BR in a recent publication, in a debate held by the Institute of Civil Engineers in which Mr Dalgleish took part and even the study set up in a blaze of anti-railway publicity by David Howell the previous Minister, into two such conversion schemes (Elmers End, South London, and the Woodhead route) seems to have sunk without trace.

Thousands of miles of lines closed by the Beeching axe were first offered to local authorities and few chose to use the opportunity presented for building new roads.

The current study being undertaken at a cost of £50,000 of taxpayers' money on top of what has already happened is, we feel, a waste and would pay for a new station plus car park to join the 80+ that have been reopened despite the RCL since the 1960s. This would do more to ease road congestion than any conversion of rail to road.

Two of the lines chosen for study in the London area are extremely busy, one with freight and the other with 7,000 commuters and therefore are obvious non-starters. Why therefore spend this sum of money proving that "the moon is not made of green cheese?"

Fortunately the appointment of Mr Reid to the chairmanship of the BRB is further proof that the Railway Conversion League is out of tune, as it was hoping for someone who would put its ideas into practice.

The first action of the new chairman on taking up office and which would gain him much credit would be to scrap this study immediately.

L. Freitag,
(National Committee Railway Development Society),
22, Cravells Road,
Harpenden, Herts.

Geneva Arms Talks

Five minutes to midnight

By Bridget Bloom, Defence Correspondent

IT WAS approaching five minutes to midnight at the arms control talks in Geneva even before Soviet fighters destroyed the Korean jetliner last Thursday.

By December 31, unless the arms talks make major progress, Nato will have deployed the first of 572 new U.S. cruise and Pershing missiles in Britain and West Germany. The last and most critical round of negotiations leading up to that deadline opens in Geneva today.

It has seemed increasingly likely over the last year that some new American missiles would be deployed, so far apart have the U.S. and the Soviet Union remained in Geneva. The shooting down of the Korean aircraft has not resulted in the postponement of the talks: U.S. Ambassador Paul Nitze and Mr Yuli Kvitsinsky, his Russian counterpart, are apparently to meet as planned over the green baize table this morning. But the soured political atmosphere in which the two delegations will now meet must make agreement before December even less likely than it was last week.

The irony is that only last month when President Andropov offered to destroy key SS-20 *missiles* in the interests of a new agreement the climate had begun to look more promising than for many months.

The talks to limit intermediate range nuclear forces—INF as they are known—opened in November two years ago and have been conducted at two distinct levels. One has involved a highly charged unprecedented public debate in Europe and the U.S. while the other, concerned with the actual negotiations in Geneva, has been kept largely from public view.

The most marked shift has been in the public arena where the political pressures against deployment have eased significantly. Nato entered the *negotiations (Nato countries do* not have a seat at the talks but are closely consulted by the U.S.) in a state of crisis. At issue was Nato's 1979 decision to deploy new U.S. cruise and Pershing 2 missiles in Europe to match the new Soviet medium range SS-20s. The decision was aimed at "coupling" the U.S. more closely to the defence of Europe. Nato wanted to remove any possibility that Moscow might believe it could use its SS-20s against Europe without itself being involved in nuclear exchange with the U.S.

Soviet nuclear arms control negotiator Yuli Kvitsinsky (left) and his U.S. counterpart, Paul Nitze.

Even though Nato also offered talks to control the new weapons, the so-called "twin-track" decision of 1979 proved highly controversial. In 1980 the Dutch and Belgian governments effectively dissociated themselves from the deployments due for their countries. A year or so ago the political divisions in Germany and even in the UK threatened to make any deployment in Europe impossible—a result Moscow wanted and, conservative *politicians believed, actively* encouraged.

It would be foolish to claim that Nato is wholly united on the missile issue or to downplay the political impact of demonstrations against cruise and *Pershing which are gathering* again, especially in West Germany, after the summer break. But elections in Germany and Britain in the last six months have confirmed conservative governments in office and even Italy's socialist government — though it now admits that for technical reasons it will not deploy cruise missiles till the spring — remains firmly behind the deployment decision in the absence of an acceptable arms agreement. So as December's deadline approaches Nato is in fact more united and able to talk more toughly than at any time in the past two years.

Some arms control observers believe that this could have an effect on the negotiations themselves. On this level, there appear to have been only marginal shifts in the negotiating positions of the two sides. On the U.S. side, the most significant move came last March, when under intense European pressure President Reagan abandoned his zero-zero solution (no *U.S.* deployments in return for the removal of all the Soviet SS-20s) in favour of an interim agreement which would involve equal but unspecified deployments on either side.

As far as Nato is concerned, *the Soviet Union took a step* back in the first major pronouncement of Mr Yuri Andropov, the Soviet leader last December. Moscow's first offer had been 300 missiles for each side by 1990. Mr Andropov qualified this by saying that the USSR would reduce the number of medium range missiles deployed to 162, a number exactly equivalent to the British and French nuclear forces.

In the eyes of the West, Mr Andropov moved forward again slightly when he agreed last May to count warheads not missiles (each SS-20 has three warheads against the U.S. missiles' one) and when, two weeks ago, he said that existing SS-20s moved from European Russia as part of an arms agreement could be destroyed rather than redeployed elsewhere.

Some arms control officials see this latest move as potentially very important: a chink which could widen to provide a breakthrough. Moscow has so far argued that a balance in Europe already exists between the medium-range nuclear weapons of the two superpowers. If that is the case, the officials ask, why the offer to destroy key new weapons which contribute to that balance? They also note the proposals imply that Moscow accepts there would be limits on all its SS-20s and not just those in Europe. The U.S. has all along insisted that an arms agreement must involve such global limits.

As of last week, however, Moscow was still saying that any SS-20s deployed in Asia were irrelevant to an agreement with the U.S. in Europe. So this remains one key sticking point as the two delegations re-open their negotiations today. There are two others which must be resolved before any agreement is possible.

First, Moscow's main aim still appears to be to prevent any deployment of U.S. weapons. Yet the U.S. insists that there must be balanced deployment of medium-range *missiles* on both sides. It will agree not to deploy the new cruise and Pershing missiles only if Moscow removes all its SS-20s—a condition already rejected.

Second, Moscow still insists *that the British* and French nuclear missiles — all but 18 of which are submarine-based—should be included. The U.S., backed by Britain and France, rejects this, claiming that these forces are strategic weapons of last resort which are intended to defend national rather than Nato interests.

It is impossible to say now whether a way will ultimately be found out of this impasse. What seems certain is that preparations to deploy some of the missiles in Europe by the December deadline will continue as presumably will Soviet threats to deploy new weapons in Eastern Europe in retaliation. The U.S. and Nato expect the talks to go on even as de*ployment continues.* The *Soviet* Union has not responded to that suggestion.

Meanwhile, in the wake of the Korean jetliner crisis, Mr *Nitze's* meeting with Mr Kvitsinsky in Geneva today will take second place to what happens when Mr George Shultz, the U.S. Secretary of State, meets Mr Andrei Gromyko, his Russian counterpart, in Madrid tomorrow. There can be no hope for Geneva if the wider political atmosphere continues to be embittered by last week's events.

FINANCIAL TIMES

Tuesday September 6 1983

Political pressures rise in France after the rentrée

BY DAVID HOUSEGO IN PARIS

IT IS a phenomenon almost unique to France and one that shows no sign of losing its vigour. Each year the French mark the return to work after the long summer holidays – "la rentrée" with the ceremony and solemnity due to one of the major events in the national calendar.

It is a time when ministers, politicians, trade union leaders and commentators step forward one by one with "state-of-the-nation" speeches and homilies to their followers. It is thus a useful occasion for taking the political temperature.

M Pierre Mauroy, the Prime Minister, M Raymond Barre, his predecessor, M Jacques Chirac, the Mayor of Paris and leader of the neo-Gaullist RPR and union leaders such as M Edmond Maire, head of the pro-Socialist CFDT and M Henri Krasucki, the Communist union leader, have all passed before the rostrum. On Sunday night it was the turn of M Jean-Pierre Chevènement, the former Minister of Industry and now the Government's leading critic on the left.

There is no fixed date for the "rentree," though September 1 is a notional one. Schools do not go back until Thursday, and some shops and cafés still have their shutters up. M George Marchais, the Communist Party leader, will make his return at the annual Fete de L'Humanitè – the Communist family jamboree held each year just outside Paris.

It is a "rentrée" this year with many paradoxes. The economy is belatedly moving into recession. Industry is carrying a large excess of stocks which is bound to accelerate the fall in output and jobs in the autumn.

But for almost the first time since taking office, the Socialist Administration is showing that it has some grip on the direction of the economy and is reaping the first fruits of its policies in terms of inflation and the trade deficit. This has given cheer to its followers and prevented the opposition from being too cataclysmic in its denunciations.

Unlike the spring, there has been a notable absence of political sabre-rattling and none of the unions are threatening major strikes, inspite of unrest in the motor and paper industries.

Over the weekend M Chirac sought to quell the impatience of his right-wing followers who would like to take to the streets to force early legislative elections. "We respect the institutions of the Republic," he said, "and will keep within them." But he still believes the economic situation is getting worse. "Has the Government the means or competence to take it in hand? I doubt it," he said.

For M Raymond Barre there is not even this element of hesitation. "Our country offers today a sad spectacle," he said, "of uncertainty, discouragement and disillusion." The policies being followed would lead inescapably to its decline, he added.

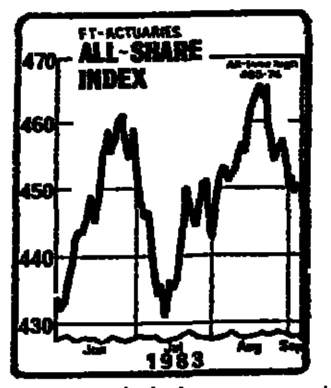
Union leaders, in spite of the trend towards higher unemployment and declining purchasing power, have been restrained in their comments. The independently-minded M Maire of the pro-Socialist CFDT said that he thought the economic policies of M Jacques Delors, the Finance Minister, were succeeding. And pouring balm on another of the Government's worries, he counselled workers threatened with lay-offs in declining sectors like steel or textiles against a language of revolt.

M Krasucki, the Communist union leader has spoken of the great anxiety over unemployment and the great discontent over purchasing power. But his union, in the circumstances, is still restrained in its militancy.

THE LEX COLUMN

Recovery blues in the City

With children on their way back to school, the City of London was filling up with relaxed parents yesterday. The holiday mood has still not been shaken off, especially with the U.S. away on Labour Day, and volume in the markets remained at a low ebb. What movement there was, however, reflected a cautiously confident outlook. The gains were in defiance of warning noises from no fewer than six stockbroking firms which sent out circulars on the topic of the UK economy. Displaying rare team spirit, they all agreed that the recovery was slowing down and that growth rates were likely to fall below 1½ per cent in 1984.



The evidence for the more gloomy forecasts is as yet tentative, with the slowdown in July retail sales the centrepiece in the argument. Since the savings ratio has been run down to low levels, and the same month saw a rise in the mortgage rate, the analysts have been quick to seize on the retail figures as an indicator that consumer spending has peaked. But it is probably dangerous to place too much weight on this series, given the record car sales in the subsequent month of August.

Nevertheless, the stock figures have not so far responded much to increased final demand, suggesting that it will have to be capital spending and exports that take up the running if the economy is to continue to make progress. On capital spending, indeed, the omens are looking moderately bright.

The less buoyant growth prospects do not seem to have shaken forecasters' belief in sustained profits growth, with another 20 per cent increase still generally expected next year. Ironically, company boards seem a good deal less confident, to judge from their dividend pay-out decisions. While aggregate dividend growth was expected to be in the area of 10 per cent this year, so far the increase on a year-on-year basis has only reached 7 per cent. The divergence may be explicable in terms of pay expectations. At this stage of the cycle, the profit/wage relationship has usually shifted in favour of wages, a fact that boards, with the autumn pay round looming, no doubt have uppermost in their minds. City analysts, by contrast, seem to have stronger faith in a decisive break-out in favour of profits.

The equity market – now down 3 per cent from the August peak – remains vulnerable, especially if there is no advance in gilt-edged which, to judge by the width of the reverse yield gap, is already well discounted. Certainly a slowdown in the economy should be good news as far as money supply growth is concerned, although any easing in UK interest rates may depend more critically on what happens in the U.S.

BPCC

With only a day to go, it looks as if Mr Robert Maxwell's bid for Waddington will founder on the reluctance of some institutions to accept the role of minority shareholders in a subsidiary of Pergamon Press. Although the BPCC shares can be dealt in a fair size, the price must to some extent be overhung by the 77 per cent Pergamon holding, worth nearly £105m at yesterday's 113p – most of it representing a capital gain for the private company.

The prospect that some of this gain might be realised looms the closer as BPCC's progressive recovery eats into the mound of tax-losses which have been protecting Pergamon from the taxman since early in 1981. The payment of a dividend on the BPCC ordinary shares this year signals that the tax-pooling arrangement will end its useful life before long.

In other circumstances, BPCC's interim figures would surely have proved the knockout blow for Waddington. As it is, a 52 per cent advance in profits before tax may make a few vacillators think yet again. Of course, property dealing has become a new "profit centre" with an initial contribution above the line. The elimination of Odhams promises a saving of £15m in wages alone, while the associated redundancies are drawn down below the line from a provision for restructuring. But the resurrection has been achieved.

News Corporation

Mr Rupert Murdoch's News Corporation appears to have achieved a new level of profitability which should provide the best possible background for his growing interest, and substantial recent investment, in satellite television. Pre-tax profits for the year to June have climbed to A$105.7m, up from A$52.2m, on the basis of a 20 per cent increase in revenues to A$1.50bn. With the group also increasing its stake in Reuters just last month, via an expanded holding in the Australian Associated Press consortium, Mr Murdoch's media portfolio grows apace, and investors' expectations have been growing accordingly: the shares closed up at A$9.30 in Australia ahead of yesterday's results and the minority special dividend shares in the News International subsidiary rose 20p to 295p yesterday.

News International seems likely to have made an important contribution to the group's overall advance. Losses at Times Newspapers have probably fallen to well under £10m; but profit gains at the Sun and the News of the World have been the real story as far as the group profitability is concerned, perhaps reaching £30m. Similarly, in the U.S., losses at the New York Post have been pulled back sharply while record profits have come from the group's other New York publications. Only in Australia has the group fallen back – and even here heavy costs have been incurred in new television and publishing ventures pour mieux sauter.

Asian reaction may hit Soviet Far East plans

BY ANTHONY ROBINSON IN LONDON

AMBITIOUS Soviet plans for the economic development of Siberia and the Soviet Far East could well be delayed if the reaction in Asia to the downing of a South Korean jumbo jet last week leads to a further downgrading of economic relations.

The steady build-up of Soviet military strength in the Far East has accompanied a major effort to develop the energy and mineral resources of the Siberian hinterland and to strengthen transport and other links between the east and west of this vast country.

Well over half Soviet oil and gas production comes from western Siberia and the area contains more than 90 per cent of Soviet coal reserves, much of its timber, gold and precious stones. Increasingly, the axis of Soviet economic development is moving east and north towards Yakutia and the Soviet Far East.

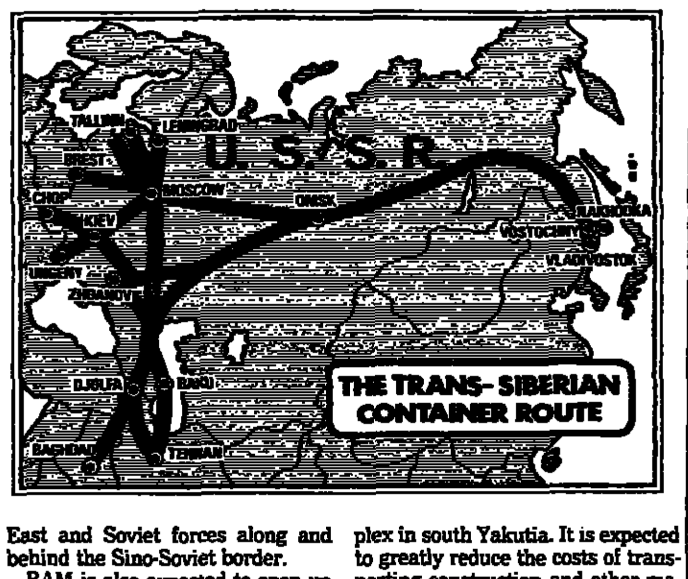
The defence installations over which the South Korean plane flew are, partially at least, designed to protect this growing economic investment in an area so far from the main population and industrial centres in the west.

Despite the military build-up the Soviet leadership has long been aware that the economic development of eastern Siberia is beyond the Soviet Union's own resources. It, therefore, was and remains Soviet policy to try to attract both Japanese and U.S. investment and technical assistance in Siberia development.

The Soviet Union has also invested billions of dollars in the 3,500km Baikal-Amur Magistral (BAM) railroad originally scheduled for completion in 1982 but which is not now expected to be ready until the end of 1984.

Like so much investment in Siberia, the BAM railroad has military and civilian use. Soviet strategists have long been unhappy at the vulnerability of the existing trans-Siberian railroad which runs close to the Chinese border for hundreds of miles.

BAM, on the other hand, runs up to 400km north of the border. Its completion will greatly ease the logistics of supplying the Soviet Far East and Soviet forces along and behind the Sino-Soviet border.



BAM is also expected to open up the vast mineral and energy resources of Yakutia and provide a much faster and cheaper alternative for freight travel between Japan and Western Europe.

This "rail bridge" already exists, using the over-loaded trans-Siberian line. But a massive automated container port, capable of handling 150,000 containers a year, has been built at Vostochni port near Nakhodka in anticipation of a major expansion in such East-West traffic. Similar facilities have been built at Baltic ports to handle the western end.

Future plans for BAM include a northern extension to Yakutsk and to the port of Magadan. Meanwhile, the line has started transporting coal from the Neryungri coal complex in south Yakutia. It is expected to greatly reduce the costs of transporting construction and other materials for hydro-power schemes, metallurgical complexes, mining and energy development schemes planned for the rest of the decade

Soviet attempts to attract foreign companies and finance to assist in Siberian development and use the higher handling capacity of the BAM rail network have been shown to be politically sensitive.

Japan dropped out of an earlier U.S.-Japanese project to build a 2,000km pipeline to carry 30bn cubic metres of natural gas annually from the Yelui river deposits of Yakutia to the Pacific coast because worsening U.S.-Soviet relations caused the U.S. side to withdraw.

Anthony Robinson, Moscow Correspondent, was expelled from the Soviet Union in April.

Philips 'to raise stake in Grundig'

By John Davies in Frankfurt

GRUNDIG, the West German television and video recorder producer, expects Philips, the Dutch-based concern, to increase its stake in the company in the near future. Grundig also sees a possibility that Philips will later gain a majority shareholding.

The West German company confirmed remarks attributed yesterday to Dr Max Grundig, the company's founder and majority shareholder, in a German business newspaper.

In an interview at the West Berlin international radio and electronics exhibition, Dr Grundig said that Philips would at first raise its stake from the present 24.5 per cent to a blocking minority of just over 25 per cent.

This would happen in the foreseeable future, probably next year. Contractual arrangements were at present being considered.

Dr Grundig said it was conceivable that Philips would take over a majority stake at some later stage.

However, Dr Grundig rejected suggestions that he was concerned to find a successor for his operation. The group already had a solid management structure which could function in his absence, he said.

Dr Grundig said he foresaw no objections from the Federal Cartel Office to an increase in Philips' stake in his company.

Philips' holding in Grundig was a major reason why the Cartel Office opposed the planned purchase by Thomson-Brandt of France of Dr Grundig's 75.5 per cent shareholding earlier this year.

The Cartel Office felt that a virtual partnership of Philips and Thomson-Brandt would greatly reduce competition in the West German market.

Thomson-Brandt then changed course and took a 75 per cent stake in AEG-Telefunken.

Rise of 102% for News Corporation

By Charles Batchelor in London

NEWS CORPORATION, Mr Rupert Murdoch's international publishing group, more than doubled its pre-tax profits to A$105.7m (U.S. $93m) in the 12 months ended June 30, 1983.

This increase of 102 per cent on the A$52.2m of the previous year was due largely to an improvement in the company's UK and U.S. activities. The earnings of the Australian and associated companies deteriorated, the company said.

News International, the British part of Mr Murdoch's operations, does not report its own results until today but its shares reacted by rising 20p to a new 1983 high of 295p.

Net profit of News Corporation rose 133 per cent to A$86.9m from A$37.3m, excluding extraordinary charges of A$42.6m (A$4.6m the year before) due mainly to unrealised currency fluctuations, in particular the devaluation of the Australian dollar.

Turnover rose 20 per cent to A$1.5bn from A$1.25bn. The dividend is unchanged at 11 cents a share.

In the UK the profitable Sun and News of the World improved their contribution while the Times and Sunday Times were able to reduce their losses.

In the U.S., the New York Post has increased its circulation to nearly 1m copies a day.

The Star, a weekly with a circulation of 4m copies, and the chain of local papers printed in San Antonio, Texas, have also improved their profits.

Norway, Sweden and Britain plan joint study of acid rain

BY DAVID FISHLOCK, SCIENCE EDITOR, IN LONDON

THE PREMIER scientific bodies of Britain, Norway and Sweden are to join in a $7.5m research programme to try to explain the cause of acid rain.

Acid rain has been accused of causing damage to fish stocks, forestry and crops in Scandinavia and West Germany in particular. The electricity industry is alleged to be the main source of acid rain through sulphur emissions from coal-fired power stations.

The research will be funded by Britain's state-owned Central Electricity Generating Board (CEGB) and National Coal Board (NCB). About 80 per cent of the CEGB's electricity is generated from coal.

The two industries were at pains yesterday to say that they would have no control over the way the money was spent, or over publication of the research results.

Britain's Royal Society is to manage the project, through a management committee under the chairmanship of its physical secretary, Sir Morris Sugden. Senior Norwegian and Swedish scientists will sit on this committee.

The Royal Society has chosen a vice-president, Sir John Mason, who retires from his post as director-general of the Meteorological Office next month, as project director.

Sir Walter Marshall, CEGB chairman, said yesterday that he had persuaded the Royal Society – of which he is a Fellow – to undertake the programme, and the Coal Board to back it. The answers could have "massive policy implications for the CEGB," he said.

"Our difficulty is that we are so obviously so much affected by the effects of acid rain that any research we do ourselves is immediately suspect."

Sir Walter estimates that the CEGB has spent about £5m ($7.5m) of its own money in the last five years, trying to track sulphur emissions from its big power stations.

For Britain to cut its sulphur emissions to a third its present level would probably cost more than £4bn in capital investment and about £700m a year in additional operating costs, he said. For Western Europe, as a whole, these figures could be multiplied at least five times.

Mr Ian MacGregor, newly-appointed NCB chairman, said his industry had "to be careful not to be stampeded." Coal accounted for only half the sulphur emissions by Britain – oil accounted for the other half, he said.

Mitsubishi link for Plessey unit

BY PAUL TAYLOR IN NEW YORK

STROMBERG-CARLSON, the U.S. telecommunications equipment manufacturer which the UK-based Plessey group bought from General Dynamics for $50m last year, is to set up a joint venture with Mitsubishi International Corporation to market cellular mobile telephones in the U.S.

Under the terms of the agreement in principle, announced jointly by the two companies, the joint venture's cellular system, called Atromet, will use Stromberg-Carlson's digital switching equipment and Mitsubishi's radio frequency equipment, mobile telephone transceiver and data links.

The agreement marks a major push by the Plessey group into the emerging U.S. market for cellular mobile telephone systems – systems using a network of low-power transmitters which serve small "cells," allowing the use of a telephone from a briefcase or car.

At stake is a market which some industry analysts believe could be worth billions of dollars and is expected to attract about 1.5m initial subscribers, spending between $2,000 and $3,000 each on equipment.

The key to the planned Astromet system is the mobile telephone switching office (MTSO), a switch which can serve up to 64 individual cells and connect the system to the public telephone network. Future plans call for the MTSO to provide a capacity of 128 cell sites.

Nigeria plans further debt refinancing

By Quentin Peel in London

NEARLY 30 international banks have confirmed that they wish to participate in a further refinancing of Nigeria's arrears in trade payments, which could amount to more than $500m.

The new deal would be on the same terms as that signed in July with 26 banks, which totalled some $1.6bn, including interest and fees, covering arrears in payments on confirmed letters of credit. Refinancing is over three years, with a grace period ending on January 1 1984.

The latest group of banks includes many which were unable to participate in the previous operation because they could not meet the Nigerian deadline for agreement. The only difference between the two deals is that the cut-off date for letters of credit to be included is July 31, instead of March 31, and the banks involved have a much smaller average exposure.

The deadline for banks to confirm their participation was last Friday, although some responses are still being received, according to bankers in London. Barclays Bank International is agent for the deal, and the "troika" banks – S. G. Warburg, Lazard Freres and Lehman Brothers – are advisors to the Nigerian Finance Ministry.

Nigeria's trade arrears have built up over the past two years, as a result of a slump in oil exports without a similar reduction in imports, and have been estimated at between $4bn and $6bn.

Once the latest deal is concluded – which bankers hope should be any time from mid-September – almost $2bn of letters of credit will have been refinanced, excluding interest and fees.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	25	77	Malaga	S	27	81	Salzburg	F	19	66
Akrotiri	S	27	81	Faro	S	29	84	Malta	S	28	82	Seoul	R	23	73
Algiers	S	27	81	Florence	S	28	82	Manila	S	33	91	Singapore	R	32	90
Amsterdam	C	16	61	Frankfurt	R	21	70	Miami	C	31	88	Stockholm	R	16	61
Athens	S	29	84	Funchal	S	23	73	Milan	S	24	75	Strasbourg	C	23	73
Bahrain	S	38	100	Geneva	S	25	77	Moscow	S	26	79	Sydney	R	22	72
Bangkok	S	34	93	Gibraltar	S	25	78	Munich	F	20	68	Taipei	C	33	91
Barcelona	S	26	79	Guernsey	F	16	61	Nairobi	C	17	63	Tangier	S	30	86
Beirut	S	28	87	Helsinki	S	20	68	Naples	S	25	77	Tehran	-	—	—
Belgrade	C	17	63	H. Kong	C	33	91	New Delhi	C	30	86	Tel Aviv	S	29	84
Berlin	F	22	72	Innsbruck	F	18	64	New York	S	31	88	Tenerife	F	27	81
Biarritz	S	23	73	Inverness	F	14	57	Nice	S	26	79	Tokyo	S	33	91
Blackpool	S	15	59	Istanbul	S	26	79	Oporto	S	29	84	Toronto	S	30	86
Bordeaux	S	23	73	Jersey	F	17	63	Oslo	C	13	55	Tunis	F	29	84
Brussels	S	19	66	Jo'burg	S	25	77	Paris	F	21	70	Valencia	S	29	84
Budapest	S	23	73	Las Palmas	S	27	81	Prague	F	18	64	Venice	F	23	73
B Aires	S	22	72	Lima	C	22	72	Reykjavik	S	9	48	Vienna	F	21	70
Cairo	S	35	95	Lisbon	S	31	88	Rio de J'o	C	24	75	Warsaw	C	21	70
Cape Town	S	23	73	Locarno	S	23	73	Rome	S	28	82	Zurich	C	18	64
Caracas	C	29	84	London	S	20	68								
Casablanca	S	24	75	Los Angeles	S	30	86								
Copenhagen	C	17	63	Luxembourg	S	21	70								
Corfu	F	28	82	Madrid	S	30	86								
Dublin	F	16	61	Majorca	S	29	84								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Unions set for change

Continued from Page 1

and stop using our factories and services as political footballs."

"We will have to stop wishing that the world was like it once was, and face up to what it is. We have to broaden our base, not narrow it. We have to concentrate on finding the common ground that can unite our members rather than dividing them by party politics, or prejudices."

Unions had to appeal to the new working class. "We will have to perform the job that working people pay us to provide, and stop involving ourselves in problems that we cannot solve but often only make worse," he said.

Mr Chapple, who will retire shortly as leader of the electricians' union, drew boos from some delegates when he strongly criticised Mr Arthur Scargill, left-wing leader of the mineworkers, who recently attacked Mrs Margaret Thatcher, the Prime Minister, and Mr Ronald Reagan, the U.S. president, during a visit to Moscow.

"I am sure that the majority of our members are as baffled as I am that some trade union leaders will travel half way across the world to sympathise with Communist dictatorships, yet seek to prevent the TUC from talking to the elected government of Britain."

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
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Hongkong Land may set HK$4bn credit target

BY OUR FINANCIAL STAFF

THE Hongkong Land Company, Hong Kong's largest property group, plans to raise HK$300m (U.S.$39.7m) through an issue of commercial paper.

Hongkong Land is also said to be seeking a HK$1bn standby credit, and according to bankers may be seeking overall credit facilities totalling HK$2bn to HK$4bn.

The financing moves would form part of a drive by Hongkong Land to rationalise its capital commitments and restructure its debt. Major equity and property investments over the last two years have increased group debt from HK$4.5bn at year-end 1981 to HK$15.1bn at year-end 1982.

In January this year, the group refinanced HK$4bn of short-term borrowings with a medium-term syndicated credit. Subsequently, it has sold a HK$1.4bn equity stake in Hongkong Telephone, and terminated a major jointventure housing project at Redhill, in Hong Kong.

Hongkong Land also announced yesterday the termination of an abortive joint-venture with Carrian Investments, the property group currently striving to stave off liquidation by rescheduling its debts. Land is paying Carrian HK$31.5m for the latter's 50 per cent stake in Emlyn Investments, a company set up to hold three Hong Kong apartment blocks. Emlyn is now as a result wholly-owned by Hongkong Land.

● The Mass Transit Railway Corporation, the government-owned developer of Hong Kong's underground railway system, plans to issue HK$300m of commercial paper this month. The MTRC issued in July HK$600m of three-month commercial paper. The new issue is expected to carry an 18-month maturity, with a floating rate coupon. The syndicate of banks arranging the issue comprises Citicorp International, Lloyds Bank International, Schroders and Chartered, and Sumitomo Bank.

● **AP–DJ in Singapore adds:** United Industrial Corporation said yesterday that it had received notice that its managing director, Dei Hong Leong, planed to make a cash offer of S$1.20 (U.S.$0.56) a share for all UIC stock.

In a statement on UIC's behalf, Morgan Grenvill (Asia) said it received notice of the offer from Wardley, which is acting on behalf of Dei.

Chip Lian Investments, in which Dei has an interest, owns 12.3m shares in UIC. Another company in which he has an interest, Tang Eng, owns more than 13m UIC shares, giving him a direct and indirect stake in the company of more than 37 per cent.

BHP call to reject à Court takeover

By Our Financial Staff

BHP, Australia's largest company, has recommended to shareholders that they should reject the offer for the company from Wigmores, which is controlled by Mr Robert Holmes à Court's Bell group.

The "big Australian" will soon make its formal reply to the Wigmores bid and is asking shareholders to take no action in the meantime. The offer values the diversified steel, oil, gas, mining and manufacturing group at A$4.13bn (U.S.$3.63bn) and involved an exchange of two Wigmores shares, valued at the time at A$6 each, for each BHP share.

Since the offer was made BHP's share price has risen considerably. However, reports of a major oil find – rather than the bid by Mr Holmes à Court – have been responsible for the upward movement.

The find, at Jabiru in the North Timor Sea, is said by analysts to have a potential of 185m barrels. BHP holds a half-share in the field, with Weeks Australia und Ampol holding most of the rest.

Reports of the find pushed BHP's price up by 75 cents last week and by a further 20 cents yesterday to close at A$12.35. A fuller report on the well's potential is due at the end of this week.

The rise in BHP's share price has, for the time being at least, made the Wigmores offer less financially attractive even for a minority of shareholders, say brokers.

Amfas drops dividend despite turnround

BY OUR FINANCIAL STAFF

AMFAS, the Dutch insurance group, has moved back into profit for the first six months of 1983, but will not pay an interim dividend.

The company, the sixth largest insurance group in the Netherlands, has achieved net profits of Fl 3m ($1m) for the half year. The result compares with a loss of Fl 68.4m for the whole of 1982.

Last year's deficit, which resulted from big provisions against property investments, forced Amfas to cut its dividend to Fl 2.40 a share from the Fl 7 paid for 1981, when net profits totalled Fl 43m.

Amfas said yesterday that reorganisation measures were already beginning to turn the company round. Gross results on life underwriting were profitable but non-life business remained in the red.

Operating earnings for the half-year emerged at Fl 9m, against a loss of Fl 77m overall in 1982. At the per share level, profits were Fl 1.07 compared with a total 1982 loss of Fl 28.5.

Amfas has about 6 per cent of the life insurance market in the Netherlands and a slightly smaller share of the non-life underwriting market. In recent years it has expanded rapidly into activities outside insurance, notably property investment and mortgages.

Earlier this year, the company reversed original estimates of another big loss for 1983 by suggesting that a small profit could be achieved for this year.

Wella has strong response to issue

By John Davies in Frankfurt

WELLA, the West German haircare company, has attracted strong interest in its share offer as a prelude to a stock exchange listing.

Deutsche Bank, which headed a bank consortium offering the preference shares for sale, said yesterday that the offer was oversubscribed, with considerable interest from abroad.

Offers to buy were more than double the amount available and allotment of the shares had not yet been finalised.

Wella offered more than 540,000 non-voting preference shares, with a nominal value of DM 50 ($18.50), at a price of DM 340 per share, thus raising a total of DM 184m.

The shares are to be traded on the Frankfurt stock exchange, with dealing likely to start next Monday.

Wella, founded more than 100 years ago, employs 10,000 in 27 countries and expect sales revenue this year of DM 1.4bn.

Like many other large West German enterprises, it has so far remained a family operation and its approach to the stock market has aroused widespread interest, even though the shares offered for sale do not carry voting rights.

Swissair forecasts recovery

BY JOHN WICKS IN ZURICH

SWISSAIR, whose net earnings dropped 29 per cent last year to SwFr 38.5m ($17.6m), expects to return to about 1981 profits of SwFr 54.3m this year, according to Mr Robert Staubli, the airline's chairman.

Mr Staubli said in an interview with a local newspaper that Swissair would do all possible to enable a return to a dividend of SwFr 35 per share. This had been paid every year from 1977 to 1981, being reduced to SwFr 25 following the 1982 results.

In July, the airline said in a letter to shareholders that it expected "satisfactory" earnings for the current year. In the first half, the total Swissair traffic volume increased by 8 per cent, due primarily to good non-European operations, and total revenue by 7.6 per cent. Gross profits nearly tripled for the period to reach SwFr 111m.

Mr Staubli said he hoped that actual flight operations would be back in profits by 1985. Although more than 80 per cent of Swissair's income comes from its flying activities, these have been running at a deficit for some time.

Meanwhile, the Swiss charter airline, Balair, in which Swissair has a controlling interest, has announced that it also expects satisfactory results this year. In the first half, gross profits amounted to some SwFr 370,000. While this is below corresponding figures for 1982, when Balair emerged from a brief loss period, the airline says current developments are better than expectations.

Italian bank lifts earnings

By James Buxton in Rome

MEDIOBANCA, the Italian merchant bank which plays a dominant role in the financing of the country's major private companies, yesterday reported almost doubled profits for the year to June 30 1983.

Profits rose to L75.1bn ($46.7m) compared with L37.4bn in 1981–82. The result was achieved after making special provisions of L57.8bn and allowing L13.9bn for the writing down of the value of participation.

In 1980–81, Mediobanca's profits more than doubled on the previous year to L86.5bn. In the 1981–82 financial year they were heavily affected by the writing down by L97.5bn of the value of the bank's large participations in the ailing Montedison chemical group and in other companies. Now, with much smaller write-downs, the bank's profitability has come back towards the 1980–81 levels.

Last autumn, Sig Enrico Cuccia, the 'grand old man of Italian finance' who built up the institution, retired at the age of 75. Yesterday's board meeting to approve the results was presided over by the new chairman, Sig Fausto Calabria.

Restructuring losses hit Aker at midyear

BY FAY GJESTER IN OSLO

NORWAY'S Aker ship and platform building group, which has recently been re-structuring to concentrate on oil-related activities, achieved significantly better operating profits in the first half of 1983 than in the same period last year, on a far smaller production volume.

However, heavy extraordinary losses connected with the shut down or sale of some production units produced a half-year deficit, before end-of-year adjustments, of NKr 34m ($4.53m). This compared with a profit of NKr 5m in first-half 1982.

The group says that further extraordinary losses related to its restructuring will be sustained in the current six months, but notes that the companies "which are to form the future Aker group" are achieving satisfactory results, and it is moderately optimistic about the longer-term outlook.

At end-June this year, Aker's workforce had been cut to 5,189 from 9,767 a year earlier. Manhours worked in the opening half of this year totalled 4.4m (against 7.4m) and production value was NKr 898m, compared with NKr 1,696m. Operating profit was NKr 23m – up by NKr 8m on year earlier figures. Financial and extraordinary losses totalled NKr 57m.

Olsen warns on year

BY OUR OSLO CORRESPONDENT

HIGH EARNINGS from offshore platforms offset losses on other shipping operations during the opening half of 1983, for Norway's Fred Olsen shipping group.

The five companies in the group achieved a total operating profit of NKr 128m ($17m) in the six months, little different from the NKr 127m in the corresponding period last year. Profits on the sales of ships reached NKr 33m, compared with NKr 9m.

The company warns that results for the year as a whole could be unfavourably affected by the strong dollar because of unrealised losses on dollar loans.

Barlow Rand rights issue

By Our Financial Staff

BARLOW Rand, the South African conglomerate, has announced the details of its proposed R150m ($133.2m) rights issue. The issue of just over 12m preferred ordinary shares is being made on the basis of eight shares for each 100 already held, and the price set is R1.25 per share.

South African Mutual Life Society, has announced that it is to take up its full 29.5 per cent of the total rights offer and that it fully underwrites the remainder.

INTL. COMPANIES & FINANCE

Sime Darby profits down by 47%

BY WONG SULONG IN KUALA LUMPUR

SIME DARBY, Malaysia's largest company, recorded a 47 per cent fall in pre-tax profits to 111m ringgit (U.S.$47m) for the year to June. The decline, which is in line with analysts' expectations, is the third successive fall in profits and brings them to the lowest since 1975. Group turnover fell by 20 per cent to 2.17bn ringgit.

Net attributable earnings were 34m ringgit higher at 130.6m ringgit due to gains from the sale of plantation land.

Sime said the recession hit the tractors division severely, and profits there dropped by more than 90 per cent to a mere 7.9m ringgit from 86.3m ringgit.

The division suffered from high stocks and poor sales due to low demand in the timber logging and construction sectors.

The plantation division was affected by low commodity prices, particularly for palm oil, while political uncertainties and a weak Hong Kong dollar trimmed earnings from operations in the Colony.

The only areas to perform satisfactorily were Sime's activities in India, covered by its associate Shaw Wallace, and its tyre business in the Philippines.

Sime drastically reduced its operations in the western division in 1982-83 after suffering heavy losses in recent years, and moved strongly into engineering to service Malaysia's expanding oil and gas industry.

The engineering subsidiary, Sime Crest, performed profitably and last month Sime entered into joint ventures with the Singapore-based Sembawang Shipyard for a fabrication plant in Johore and with Nikkon Kokkan of Japan to tender for oil and gas engineering projects.

Sime's two major listed subsidiaries, Consolidated Plantations and Tractors Malaysia, have also reported poor results, with Tractors recording a loss for the first time in more than a decade.

Consolidated Plantation's pre-tax earnings fell to 50m ringgit from 75m ringgit. A higher rubber price in the second half was helpful, but not sufficient to offset the 21 per cent decline in palm oil prices.

At Tractors Malaysia, pre-tax profits fell to 25.5m ringgit from 61.6m ringgit, and a provision of 36.4m ringgit against stocks and bad debts resulted in a net after tax loss of 11.3m ringgit against a net profit of 40.3m ringgit.

However, net attributable profits at Consplant and Tractors were 127m ringgit and 85m ringgit respectively (against 69.6m and 40.3m ringgit) due to gains from the sale of estate land and of tractors Singapore.

Sime's final dividend is 6.8 cents gross making an unchanged 10.8 cents for the year. Consplant is paying 5 cents, making a total of 10 cents against 14.3 cents, and Tractors' final is 20 cents, making an unchanged 30 cents.

Analysts expect much better profits for Sime and its subsidiaries in the current financial year with a firming up of commodity prices, and Tractors Malaysia is expected to return to profit after a massive cost-cutting exercise and projected higher sales.

Chris Sherwell on a difficult year for Malaysia's largest group

World recession takes its toll

ON A clear day, Sime Darby's 26th floor offices in the heart of Kuala Lumpur offer a spectacular view of a fast-growing city set among fine green hills. Discernible in the distance is the start of some of the company's vast rubber, oil palm, and cocoa plantations.

For board members planning strategy for Malaysia's leading plantation and trading company, the panoramic vista must have brought little solace over the past year. As the results for the 12 months to June illustrate, it has been a dismal time as the deepening world recession has taken an ever-growing toll.

Although the company is diversified, it depends heavily on its plantations division and on its heavy equipment arm, Tractors Malaysia, which holds both the Caterpillar franchise for heavy equipment and the Ford Mortor franchise for agricultural and construction machinery.

Last year these two contributed more than 80 per cent of group pre-tax profits. This year, the plantation division alone contributed more than half. But both performed disappointingly this year—indeed, Sime says the fall in profits at Tractors Malaysia was the main reason for the decline in group earnings.

Tractor's Malaysia's net trading loss—the first it has ever experienced—is a result of the world recession's severe impact on the timber and construction industries in Malaysia, the company says. An anticipated improvement in demand in the logging sector, particularly in East Malaysia, quite simply didn't materialise.

Depressed demand in turn meant squeezed margins for both new and used equipment as competition stiffened, and Sime moved at the end of 1982 to reduce staff numbers, cut overheads, and make changes in management. The dire state of the market is reflected in Sime's exceptional provision of 36m ringgit against stocks and debtors.

Tractors Malaysia is nevertheless reckoned to be in a stronger financial position now as a result of the sale of Tractors Singapore, which helped boost attributable profits for the company to 85m ringgit. It expects to return to profitable trading in the present financial year.

For the plantations division, the results suggest that such recovery as there has been in world commodity prices has mostly come too late to help the company recover ground it lost in the first half. The exception is rubber, where prices began to improve earlier this year, but this simply helped the division avoid even lower earnings.

Prices strengthened

Palm oil prices, for example, slipped around 20 per cent during the year, but these have strengthened considerably in recent weeks and should help the division in 1984. For Sime's listed subsidiary, Consolidated Plantations, as with Tractors Malaysia, extraordinary items — in this case, the sale of estate land — helped offset the decline in earnings and boosted profit available for distribution.

One sidelight on the plantation division's performance concerns Sime's biotechnology agreement with the International Plant Research Institute of California. This has apparently been rather less productive than hoped. The idea was that the joint venture would encourage the transfer of new and exciting technology in the field of tropical agriculture.

Other trouble spots for Sime, though less serious in their overall impact, have been the group's Western and Hong Kong divisions. The Western division, covering activities in Britain, Europe and the U.S., showed pre-tax losses in both 1981 and 1982. This year the division broke even, but in the words of one senior executive, the past year has provided "colossal headaches."

Indeed, the board may now be approaching the stage where it needs convincing that it is worth going on operating in Britain. It is understood that some senior executives already tend to examine minutely every proposal regarding UK operations for a flaw which might make it unnecessary to go ahead.

This is not to say that Sime will move out of London altogether. The City remains too important a commodity trading centre for that. But the experience of two strikes which disrupted Sime's rice mill on the Thames has been sobering, not least as the company was not involved in either dispute.

Adding to Sime's British woes has been the vast expense resulting from the losses of Robert Bradford, the insurance brokers, which was sold in June 1982. The company has set aside another 19.7m ringgit this year as a provision against these losses, bringing the total since 1977 to an estimated 65m ringgit to 70m ringgit.

A decline has occurred in Sime's Hong Kong division, which handles vehicles and equipment and has interests in consumer products, property management, and insurance. The fall in pre-tax profit partly reflected a reduction in the number of cars sold because of a licence fee increase, but was also a result of a generally reduced level of business activity and, in the words of the company, "uncertainty over the political future of Hong Kong."

To be set against all this are brighter performances from the Philippines and Malaysia divisions, with the latter turning around last year's loss thanks in part to Sime's joint venture with Crest International in the oil and gas industry which produced increased profits.

Devaluation costs

In the Philippines the company feels it has had a good start with the success of its takeover of the B. F. Goodrich tyre company, but says earnings could have been even higher had the Philippine peso not been devalued. Indeed, it calculates that the reduced value of both the Philippines and Hong Kong currencies, when expressed in terms of the Malaysian ringgit, depressed group profit by 9m ringgit this year.

Overall, though, the figures tell the tale. Group pre-tax profit, down for the third year in succession, is at its worst level since the mid-1970s. Earnings per share have sunk from 12.9 cents to 7.4 cents. It has taken extraordinary gains to transform lower after-tax profits into a boosted level of attributable earnings.

No one is saying that Sime has any financial difficulties. But the hope must be that, with the difficult decisions taken this past year, and the prospect of higher world growth, the picture from the 26th floor of a Kuala Lumpur skyscraper will soon look a lot more comforting.

BPCC midway expansion to £7.7m

FOR THE first six months of 1983 taxable profits of British Printing & Communication Corporation expanded by £2.62m to £7.65m on sales up from £96.53m to £116.9m.

Mr Robert Maxwell, chairman, who notes that traditionally the group's second half is much more profitable than the first, confirms that dividends will be restored on all classes of shares from 1983 profits, including in particular, a payment of not less than 5p on the ordinary, as forecast.

Trading profits amounted to £11.35m, compared with £8.43m and were split as to: printing £6.69m (£5.96m); packaging £1.32m (£1m); publishing £2.63m (£1.47m); and property £710,000 (nil).

Mr Maxwell points out that were it not for the stoppage earlier in the year at the Park Royal (Radio Times) plant, which caused losses in excess of £1.6m, "the profit improvement would have been even more dramatic."

HIGHLIGHTS

Lex focuses its attention on the state of the financial markets following the new found pessimism over the British economy which has been highlighted by a batch of brokers' circulars with downward revised growth estimates. On the corporate front the column looks at the half-year figures from British Printing and Communications Corporation, brought forward to be announced while the group's bid for Waddington is still on the table. Lex then goes on to comment on the buoyant figures from News Corporation, where profits have doubled to A$105m, with much of the growth coming from News International in the UK.

Pre-tax figure included associate share of profits amounting to £85,000 (£78,000), and was struck after interest charges of £3.79m (£3.49m).

After UK tax of £330,000 (nil) and overseas £1.9m (£750,000), but including group relief payment of £3.1m (£3m) receivable from Pergamon Group, net profits came through well ahead at £9.32m, against £7.28m.

Earnings per 25p share are shown as 7.7p compared with 6p.

Mr Maxwell says that most of the Odhams work load has been transferred to Odhams-Sun, Purnells or other group plants, and the remainder will be transferred by the end of September.

Two major new web-offset presses have been installed at Odhams-Sun. A total of some 1,400 employees will be released, the chairman states, by the end of the year. "The annual savings in labour costs will alone be enormous—some £15m per annum."

He added that there would also be efficiency and cost benefits.

The chairman says that based on professional advice he was confident the proposed developments at the Odhams site at Watford would be granted planning permission. He comments that despite the bonus of profits from property disposals, the ordinary dividend forecast "is not dependent in any way on the cash flow or potential profits from this valuable source."

After minority interests, £70,000 (£51,000) and extraordinary credits £166,000 (£1.16m debits) the attributable balance was £9.42m (£6.07m).

See Lex

EIS sees some £3.5m: interim up to 1.65p

SO LONG as there is no weakening in demand, the directors of EIS GROUP of engineers, expect profit before tax to be around £3.5m for 1983. The interim dividend, on capital increased by the recent 1-for-5 rights issue, is stepped up from 1.5p to 1.65p net.

For the first half of 1983 turnover advanced £4m to £18.98m, and the profit before tax rose from £1.5m to £1.75m. Results for the second half are expected to be in line with these. In the previous year the profit came to £3.16m and the dividend was 5p. The directors have forecast maintenance of this rate on the higher capital.

After tax £281,000 (£297,000) the net profit came out at £1.47m (£1.21m) for earnings of 9.11p (7.83p) per share. The directors report that capital expenditure continues to be high, particularly on CNC machine tools.

Value of group orders in hand remains in excess of £20m, and all companies, except Premier Precision, have traded satisfactorily and have the opportunity to achieve their targets for the year.

A steady programme of improvement is being achieved at Francis Shaw. Trends in turnover, profit and inquiry rates in each of the divisions are generally in line with expectation.

● comment

Combined with the £3.6m raised in a successful rights issue in April this present boost in the EIS Group's profits has generated a very healthy cash position. The company is now looking for a new acquisition which would fit in with its present aerospace or processed plant operations. EIS's attention is focused on the U.S., at around the £10m price level. Growth this half has been provided by last year's acquisition, Francis Shaw, which has contributed profits of £300,000 pre-tax, as well as a better than expected result from the defence side. While the aerospace side remained dull this half the future looks brighter. If the recent BA-Boeing deal ushers in the new era jet airplane purchases EIS, which provides galley fittings and noise suppressors, should benefit handily. For the second half both the processed plant and hydraulics divisions could be the strong performers in the group. Customer enquiries, the company says, are well up. For the full year a forecast of £3.7m pre-tax seems appropriate. The shares closed 5p up at 135p yesterday for a prospective p/e ratio around 7.5 assuming a 20 per cent tax charge.

BOWATER/PHILIPS

Bowater Corporation has acquired Nv Philips Gloeilampenfabriken's 50 per cent holding in the Belgian corrugated packaging company, Bowater Philips NV.

Strong UK performance boosts Fitch at halfway

A STRONG performance in the United Kingdom is reflected in the first half results at Fitch and Company Design Consultants. In reporting pre-tax profits up from £366,000 to £425,000 for the six months to June 30 1983 the directors say the results are "most encouraging," but they point out that overseas operations have not made a significant contribution to profits.

They say this is because of economic recession in South Africa and France, and reduced public spending in the Middle East.

The company, which went public on the Unlisted Securities Market last October, had first-half turnover of £2.02m compared with £1.73m. Tax was up from £188,000 to £216,000 and there were minorities of £3,000 this time. Stated earnings per 10p share rose from 3.63p to 4.16p.

Mr David Legge, the chairman, says the second half looks promising with continuing growth in the UK. To accommodate the increase in staff in London, additional leasehold space has been acquired and the group is currently negotiating to purchase a freehold property.

This expansion will enable existing divisions to grow further as well as allowing new areas of design, such as shopping centres and product design to develop.

An interim dividend of 1.54p net will be paid.

The group has offices in London, Paris, Madrid, Abu Dhabi and Johannesburg, servicing a wide variety of commercial clients from small independents to large multi-nationals.

● comment

Fitch has maintained efficiency and margins in the UK but has had to take some action overseas with a slowdown in business from the Middle East and South Africa. Overseas offices have been slimmed down and Fitch is going to go for larger projects where much of the work can be done from the London office where quality and control can be closely monitored. The London staff is growing apace, and Fitch is about to spend some of its cash (nearly £2m at the year end) on a freehold property. Retail design is particularly buoyant both in the UK and overseas. It accounts for about 40 per cent of turnover. Travel and leisure (20 per cent of turnover) is seen as another big growth area. It includes the ongoing Terminal 4 at Heathrow and a new contract with Sealink. Prospects continue to look rosy for Fitch with competition apparently no threat. It is deciding how to best tackle overseas business and may take the route of buying in the expertise if the right company comes along. Meanwhile the relatively small market in its shares (about 10 per cent with institutions and 10 per cent in the public's hands), is helping to sustain its fancy rating on the USM where the shares at 290p sell on a prospective p/e of 30 fully taxed on an expected pre-tax profit of £1m for the year.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Brown Boveri Kent	int.	1	Jan 4	—	—	1
EIS Group	int.	1.65†	Jan 6	1.5	—	5
Fitch & Co.	int.	1.54‡	Oct 31	—	—	—
Samuel Heath		20	Oct 14	19	20	19
Macfarlane Group	int.	1.67	Oct 11	1.52*	—	3.52*
Palmerston Trust		1.5	—	1	2.5	2
Pentland Inds.	int.	0.42	Nov 1	0.38	—	1.83
Simon Engineering	int.	4	—	4	—	13.25

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

Associate sale hits Simon Engineering

INTERIM RESULTS of Simon Engineering show that pre-tax profits fell slightly from £7.6m to £7.41m. The main reason for the decline was a reduction in the associates' contribution which dropped by £317,000 to £102,000 following the sale of the 50 per cent interest in Simon-Warman in September last year.

In his report covering the six months ended June 30 1983 Mr H. Harrison, the chairman, says it is still difficult to forecast accurately the outturn for the full year, but comments that although it will not be easy to match the record £20.66m pre-tax performance of last year it remains the directors' aim to do so.

He says: "Given that world trade continues to recover we shall see in 1984 and later years the benefits of all our recent work in improving our activities and operations."

Earnings for the first six months emerged lower at 17.8p (18.3p) per 25p share. The interim dividend is held at 4p net —a final of 9.25p was paid previously.

Turnover for the period totalled £159.43m (£162.32m). Apart from associates, pre-tax figures were also struck after £3.1m (£3.18m) for depreciation and adding net interest receivable of £2.07m (£2.11m).

Tax accounted for £2.25m (£2.38m) and minorities £506,000 (£444,000) to leave available profits of £4.66m (£4.78m).

No extraordinary costs were incurred but as a result of decisions taken during the half year to rationalise certain group operations it is anticipated that extraordinary debits will total some £900,000 in the second six months.

Mr Harrison reveals that the world trade recovery, of which signs were seen earlier in the year, is turning out to be "very modest."

Simon Engineering, based at Cheadle Heath, Stockport, has five operating groups — food engineering, manufacturing, process plant contracting, merchanting and storage and oil services.

● comment

Simon might still manage to match last year's £20.66m but delays in getting signatures to some contracts plus the general gloom throughout the process plant industry worldwide leaves that possibility looking increasingly remote. Hence yesterday's 10p fall to 385p. Of course if Simon is able to consolidate Drake and Scull for a couple of months that might just tip the balance. Anyway that bid is more relevant to the share price than a small shortfall on 1982's profits. An agreed deal, Simon's £22m offer appears to have the rare quality of merit for both groups of shareholders. Adding mechanical and electrical engineering to Simon's own string of activities seems as neat a structural and geographical fit as could be imagined. A Monopolies reference seems very unlikely and a rival bidder an equally remote possibility. So it should be plain sailing with the terms, a mixture of cash and equity, pitched right from both standpoints while not making much dent in Simon's £50m of cash leaving it plenty of scope to pursue further acquisitions. Certainly D and S was not the company Simon was talking to last year. Taking the company as it stands Simon is on a prospective p/e of around 8 (assuming a 30 per cent tax rate). Given the wider problems of process plant that is unlikely to change much in the next few months.

ABE chief hopeful of maintaining progress

IN HIS annual review Mr A. R. Belch, chairman of Associated British Engineering, diesel engines and allied industries concern, says that the group, as presently constructed, is in a good position to profit from the widely predicted upturn in the economy, and directors are hopeful of maintaining satisfactory progress.

He tells members that the group has seen some signs of improvement in demand for its catering equipment business and directors expect this to be reflected in results for the current year.

Mr Belch adds, however, that the group does not expect to see a recovery in the marine diesel market. Prospects, he says, for the group's export business depend on a recovery in world economic conditions, "and the avoidance of a financial or political crisis in the markets in which we trade."

As known, for the year ended March 31 1983, turnover doubled from £16.57m to £33.64m and taxable profits rose from £793,000 to £1.02m. The dividend is stepped up from 0.55p to 0.65p net per 12½p share.

Also announced at the same time as the preliminary figures was a £1.8m net rights issue. Directors said that initially this would be used to reduce bank borrowings, but in the longer term it would ensure that sufficient resources were available to enable the group to take advantage of opportunities for profitable growth.

Grovewood Securities has sold its holding of 1.84m ABE shares. Following this sale directors of ABE believe that Grovewood has no interest in the share capital.

Intereurope Technology

For the year to end-June, 1983 Intereurope Technology Services returned record profits of £873,000 at the pre-tax level, an improvement of 28 per cent over the previous year's figures, and with turnover ahead by 13 per cent the results show uninterrupted growth over the past six years.

The group has entered the current year with a strong order book, giving a firm base for future development.

The group, which obtained a USM quote in July last year, is proposing a savings-related share option scheme for employees.

Late upsurge in bookings looked for by J. Webb

HOLIDAY BOOKINGS at Joseph Webb up to the end of March were "dismal" says Mr J. M. Webb, the chairman in his annual statement. He says intensive efforts were made to rectify the situation and the action taken has resulted in the bookings' position being "considerably improved."

It appears, he adds, that customers have tended to book later and even now a further upsurge cannot be discounted.

Mr Webb says the development of the French caravan park interests continues satisfactorily and it is considered that the booking response to this new venture is encouraging. He is confident it will prove to be a well worthwhile investment.

As known, pre-tax profits for the year to March 31, 1983 fell from £435,405 to £122,351.

The balance sheet shows shareholders' funds higher at £4.69m —including a revaluation surplus of £699,635 — compared with £4.05m. Fixed assets stood at £9.12m (£7.99m), current assets were £1.3m (£1.37m) and current liabilities rose from £2.91m to £3.27m.

Meeting: Dudley, September 30, at noon.

Better trend for Pentland over year

A "marked-improvement" in profits for 1983 is forecast by Pentland Industries. In the previous year the company made just over £1m pre-tax.

Turnover in the first six months rose 23 per cent to £23.2m and the profit was up from £530,000 to £610,000, with which the directors say they are satisfied. After tax £114,000 (£115,000), minorities £98,000 (£32,000) and extraordinary charges £27,000 (nil), there is £371,000 (£383,000) available.

Earnings are 3.21p (3.09p) and the interim dividend is lifted to 0.42p (0.375p). The 1982 total was 1.83p.

Pentland is controlled ultimately by Robert Stephen Holdings. Its business is that of an industrial holding company.

Brown Boveri Kent advances

ON TURNOVER of £50.6m, compared with £47.34m, taxable profits of Brown Boverie Kent (Holdings) advanced from £1.36m to £2.76m in the first half to June 26 1983.

This international organisation, providing process control, industrial measurement and liquid metering capability is paying its first interim dividend of 1p net per 25p share, on stated earnings of 2.8p (0.9p). In 1982 a single payment of 1p was made from pre-tax profits of £4.43m.

Mr E. Bielinski, chairman, says that while market conditions continue to be difficult in many areas and generally below the directors' expectations, he anticipates that with continuing attention to the improvement of operating efficiency, the results for the remainder of the year will show a further advance.

Operating profits moved ahead by 35 per cent from £3.99m to £5.4m, while depreciation and interest charges were roughly unchanged at £1.36m (£1.35m) and £1.28m (£1.28m) respectively.

Tax took £1.13m (£830,000) and after minorities of £82,000 (£39,000) the attributable profits came to £1.55m (£835,000 including extraordinary credits of £343,000). Dividends absorb £543,000 (nil) leaving £1m (£835,000) to be taken to reserves.

Brown Boveri Kent (Holdings) is 54.5 per cent owned by BBC Brown Boveri and Company (Switzerland).

● comment

Brown Boveri Kent's interim profits were enough to confirm its recently acquired status as a recovery stock—the shares gained 3p to reach 79p. But BBK is in many ways a pre-recovery stock. The turnover gains are almost entirely the effects of inflation, and the margin growth the result of sustained internal efficiencies. The company believes that it can continue to squeeze a better return on capital, and seems remarkably unfussed by a capital gearing ratio of around 70 per cent. In the instrument products business BBK claims increased market share. Given the stock market rating accorded to other companies in that field, a separate quote for the division has a certain appeal. However this, or indeed any other possible fund raising exercise does not appear to be part of the plans of the Swiss parent company. Set in its current groove BBK should make at least £6.5m pre-tax this year, putting the shares on a prospective multiple of about 14.

BASE LENDING RATES

A.B.N. Bank	9½%	■ Hambros Bank	9½%
Al Baraka International	9½%	Heritable & Gen. Trust	9½%
Allied Irish Bank	9½%	■ Hill Samuel §	9½%
Amro Bank	9½%	C. Hoare & Co. †	9½%
Henry Ansbacher	9½%	Hongkong & Shanghai	9½%
Arbuthnot Latham	9½%	Kingsnorth Trust Ltd.	11 %
Armco Trust Ltd.	9½%	Knowsley & Co. Ltd.	10 %
Associates Cap. Corp.	9½%	Lloyds Bank	9½%
Banco de Bilbao	9½%	Mallinhall Limited	9½%
Bank Hapoalim BM	9½%	Edward Manson & Co.	10½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank Leumi (UK) plc	9½%	National Bk. of Kuwait	9½%
Bank of Cyprus	9½%	National Girobank	9½%
Bank of Scotland Ω	9½%	National Westminster	9½%
Banque Belge Ltd.	9½%	Norwich Gen. Tst.	9½%
Banque du Rhone	10½%	P. S. Refson & Co.	9½%
Barclays Bank	9½%	Roxburghe Guarantee	10 %
Beneficial Trust Ltd.	10½%	Royal Trust Co. Canada	9½%
Bremar Holdings Ltd.	9½%	Standard Chartered ‖	9½%
Brit. Bank of Mid. East	9½%	Trade Dev. Bank	9½%
■ Brown Shipley	10 %	TCB	9½%
CL Bank Nederland	9½%	Trustee Savings Bank	9½%
Canada Perm't Trust	10½%	United Bank of Kuwait	9½%
Castle Court Trust Ltd.	10 %	United Mizrahi Bank	9½%
Cayzer Ltd.	9½%	Volkskas Intnl. Ltd.	9½%
Cedar Holdings	10 %	Westpac Banking Corp.	9½%
■ Charterhouse Japhet	9½%	Whiteaway Laidlaw	10 %
Choulartons	10½%	Williams & Glyn's	9½%
Citibank Savings ¶	10½%	Wintrust Secs. Ltd.	9½%
Clydesdale Bank	9½%	Yorkshire Bank	9½%
C. E. Coates	10 %		
Comm. Bk. of N. East	9½%		
Consolidated Credits	9½%		
Co-operative Bank *	9½%		
The Cyprus Popular Bk.	9½%		
Duncan Lawrie	9½%		
E. T. Trust	10 %		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1-month 6.25%. Short-term £8,000/12-months 8.6%.
† 7-day deposits on sums of: under £10,000 6%, £10,000 up to £50,000 7%, £50,000 and over 8%.
‡ Call deposits £1,000 and over 6%.
‖ 21-day deposits over £7,000 7%.
§ Demand deposits 6%.
¶ Mortgage base rate.
Ω Money Market Cheque Account = 9.15%. Effective annual rate = 9.54%.

TATE & LYLE PLC

(Registered in England No. 76535)

1 for 4 Rights Issue

It was announced on 1st September, 1983 that the Directors are raising approximately £41 million by a 1 for 4 rights issue to holders of Ordinary Stock on the register at the close of business on 26th August, 1983 and to holders of Bearer Share Warrants.

Holders of Bearer Share Warrants who wish to claim their rights should note that relevant documents are available from The Secretary, Tate & Lyle PLC, Sugar Quay, Lower Thames Street, London EC3R 6DQ during usual business hours on presentation of Coupon number 54. Holders applying by post should supply their name and address. Payment is due by 27th September, 1983.

By Order of the Board,
C. P. McFie,
Secretary.

KENNEDY BROOKES

Lennoxcourt, a subsidiary of **Kennedy Brookes**, has reached agreement with Electricity Supply Nominees (ESN) on behalf of the Electricity Supply Pension Scheme, to develop the catering rights to the Trocadero site close to Piccadilly Circus—a number of restaurants and bars will be involved.

ESN, the freeholder, has agreed to contribute £1.5m towards the total cost approaching £3m. The balance will be provided principally from the existing resources of Kennedy and the remainder from commercial partners.

DANIEL J. EDELMAN EXPANDS IN UK

International public relations group **Daniel J. Edelman**, has announced three deals in a major expansion of its UK operations.

● The company has purchased the entire capital of Eric Williams and Partners increasing its annual income in the UK to well in excess of £1m.

● It has formed Edelman and Associates in partnership with other PR consultancies offering the first national PR service covering England, Scotland, Wales and Northern Ireland.

● Edelman has also expanded its client services with the purchase of a 26 per cent stake in Alan Robinson, the London corporated design consultancy.

BIDS AND DEALS

London & Manchester in £20m property package

BY ALISON HOGAN

London & Manchester Securities is to take over the management of a number of properties formally managed by **Arunbridge Group**, the collapsed private property company of Mr Ronald Lyons.

The deal, for shares, should bring sufficient income for LMS to restore dividend payments in the next financial year when it plans to apply for a full listing on the Stock Exchange—it acquired an Unlisted Securities Market quotation early in the year following a reverse takeover into Carlton Real Estates.

The development properties, worth around £20m, are owned by a European consortia through three Dutch Antilles companies, Puddel, Quinta and Ramble Corporations. LMS will take over responsibility for the supervision of completion, maintenance, letting and selling of the sites in return for the issue of new shares which will leave the present owners with a 16 per cent stake in LMS whose directors, with a 37 per cent stake in the company, will still hold control.

LMS expects to make profits of £1.5m on letting and selling the four properties compared with a market capitalisation today of just over £4m.

The plan is that LMS will arrange the marketing of one property (a 72,000 sq ft office development in Kew ready to proceed) and will be paid £350,000 on realisation of the investment, satisfied through the issue of shares.

On completion of the Kew transaction, LMS will purchase for £300,000 from the owners of the remaining three properties (in Hounslow, Grosvenor Crescent, W1, and Bristol) the right to receive 30 per cent of the surplus over borrowings and other costs arising on the ultimate realisation of the properties. This sum of £300,000 will be satisfied by the issue of further shares, bringing the stake of the owners to 16 per cent. A representative of the present owners will be appointed to the LMS board.

LMS made pre-tax profits of £220,000, compared with losses of £143,000, in the year to December 1982.

Progress on Sotheby bid probe

MR CECIL PARKINSON, the Trade and Industry Minister, is expected to announce within the next three to four weeks his decision on whether or not the £83m bid for art auctioneer Sotheby's by wealthy American businessman Mr Alfred Taubman can go ahead.

The Monopolies and Mergers Commission report on the Taubman bid, which topped an earlier offer from two other American businessmen, Mr Stephen Swid and Mr Marshall Cogan, has been sent to Mr Parkinson for his approval.

The speed with which the Commission has reported—it is less than three months since Mr Taubman announced his bid—has strengthened the view that it had no objections.

The Commission is normally given six months to carry out its work and may extend this if it is necessary.

Mr Taubman, a Detroit property developer, has offered 700p each for Sotheby's shares, including the 29.9 per cent holding owned by Mr Cogan and Mr Swid.

In a controversial decision the former Trade Secretary, Lord Cockfield, referred the original bid from Mr Swid and Mr Cogan to the Commission against the advice of the Office of Fair Trading.

The reasons given for the referral was the need to study the impact of the bid on London as a centre of the international art market and on the position of Sotheby's in that market.

The Trade Department said the bid did not constitute a threat to competition but it did raise issues of public interest. Mr Taubman's counterbid was also automatically referred to the Commission.

SHARE STAKES

Sheraton Securities International—As at August 26 1983, Henry D. Clarke Junior was interested in 8.015m ordinary shares (20.84 per cent pre-rights capital) made up of 5.565m shares owned by Greenwich International (a company controlled by Mr Clarke) and 2.45m owned by Clabir International NV.

Shires Investment Trust—The Atlanta Baltimore and Chicago Regional Investment Trust has purchased a further 50,000 shares, taking holding to 222,500 (8.9 per cent).

Stewart Wrightson Holdings—Prudential Corporation Group of Companies is interested in 1,195,421 ordinary shares (5.51 per cent).

Tavener Rutledge—Bransdon News Agents, together with subsidiary Youthbond, are beneficial owners of 119,500 shares (5.9 per cent).

Unitech—A. G. Macpherson, director, has disposed of 25,116 new nil paid shares from his beneficial holding, and 7,375 new nil paid shares from his holding as a trustee.

Wade Potteries—G. A. J. Wade, director, has disposed of 50,000 ordinary shares, thereby reducing his holding to 938,004 shares (9.18 per cent).

Exploration—Finance for the West has reduced its interest in ordinary stock units from 927,500 to 827,500 (6.86 per cent) and registered in name of Finpart nominees.

Silkolene Lubricants—Derbyshire County Council purchased a further 80,000 shares on August 23 1983 increasing holding to 423,500 shares (10.18 per cent).

Moorgate Mercantile (Holdings)—Company has been informed by Dominion International Group that a subsidiary has acquired a further 150,000 ordinary. Together with the 1.45m ordinary shares previously purchased, Dominion's interest in Moorgate now aggregates 1.6m ordinary (8.37 per cent).

BPB Industries—Company has acquired 10 ordinary of £1 each in Berpul Products, representing 10 per cent of issued capital of that company, the consideration being the issue of 20,000 ordinary in BPB.

Purpose of acquisition is to secure supply of glues to Artex, a wholly-owned subsidiary of BPB.

Legal and General Assurance has purchased 550,000 shares in BSR International, bringing its holding up to 5.16 per cent of the capital.

Lyle Shipping — Scottish Amicable Life Assurance and its associates hold or control 5.8 per cent of the Lyle ordinary capital.

Sinclair Research profit jumps £5m to £13.8m

FOR the year ended March 31, 1983, consumer electronics products group **Sinclair Research** reports an upsurge in taxable profits to £13.82m, against a previous £8.55m. Turnover for the 12 months doubled from £27.17m to £54.53m.

Established in July 1979 to conceive, develop and market new consumer electronics products, the company is 85 per cent owed by its founder and chairman Clive Sinclair.

He says the figures are encouraging and noted that the company's ZX Spectrum personal computer, introduced in 1982, had become "easily the best selling machine in the UK and in a number of overseas markets."

He adds that there remains much scope for innovation in the field and "I believe we will continue to lead the world with future products."

Net operating expenses amounted to £42.03m (£17.98m) leaving operating profits at £12.5m, compared with £9.19m. Interest and royalties receivable were £1.61m (£357,000), goodwill written off £84,000 and the pre-tax figure was after an exceptional debit of £203,000 (nil).

Tax charge took £5.54m (£4.3m), leaving the available balance at £8.28m, against £4.25m.

The directors are paying a 1p dividend, because the chairman believes the company is expanding "so rapidly that I believe the interests of the shareholders are best served by internal reinvestment of the profits."

Shareholders' funds totalled £13.27m (£5.05m) as at March 31 last, and net current assets £9.18m (£3.67m).

Nationwide Leisure turns in £79,000 at six months

Results of **Nationwide Leisure**, for the six months ended April 30, 1983, reveal pre-tax profits of £79,000 from a turnover of £1.24m.

Directors of this Kingston-based USM quoted caravan park and camping retailer—it came to the Unlisted Market in June—point out that winter is the quieter trading period, but they look forward with confidence to the outcome of the full year's trading.

Operating profits amounted to £97,000 and the pre-tax figure, which was struck after interest of £18,000, was split as to: caravans parks £28,000, and other activities £51,000.

Tax charge was £41,000, but there was an extraordinary credit of £39,000 leaving a balance of £77,000. Earnings per share are shown as 0.2p.

Directors say the caravar parks traded satisfactorily and the recording machines subsidiary, which now constitutes the bulk of the new activities, continue to perform well.

Results for April of the retailing subsidiary, Camping International, which was acquired with effect from March 25 1983, are as expected, the directors point out.

Extraordinary items comprised the realisation of revaluation surplus on the disposal of Oakdene Holiday Park, less trading loss to date of disposal, £58,000; cost of settlement of the litigation on termination of contract for the use of Matchams Park, £18,000.

Nova Knit chief optimistic

IN HIS annual statement to shareholders of **Nova (Jersey) Knit**, Mr Frederic Strasser, chairman, expresses his optimism that following the reorganisation of the dyeing and finishing operation, there will have been created an "extremely efficient" manufacturing unit.

"You will begin to see the benefits when I report to you next summer when your company should resume its rightful place as market leader in its field," he declares.

It is too early to forecast, but when he reports at mid-year he will be in a better position to gauge the success of the reorganisation.

Mr Strasser says despite the reorganisation, shareholders funds are little reduced, amounting to £3.17m, against £3.29m. Borrowings are cut from £697,000 to £390,000, but there is a £175,000 provision for closure costs. The cash position is strong at £1.56m (£14,000). Book value of quoted investments appeared at £142,000 (£936,000).

However, in view of the difficulties associated with the reorganisation, the dividend total is cut to 4p (5.5p).

Nova entered into a combined management and production agreement with W. E. Saxby (Nottingham), a subsidiary of George Spencer, as a result of which substantial economies of scale will be achieved. Agreement in principle has been reached whereby Nova is to obtain an option to acquire 51 per cent of the capital of Saxby at present held by Spencer.

S. Pearson offshoot in $1.5m U.S. deal

Fairey Holdings, the engineering subsidiary of S. Pearson and Son, the diversified group which owns a wide range of interests including the Financial Times, has acquired G and S Systems Inc, of the U.S., it was announced yesterday. Fairey is paying an initial US$1.5m (£1m) for G and S plus an additional payment dependent on profits earned between 1983 and 1985.

G and S, a Massachusetts-based high technology company, is engaged in the design and manufacture of computer interface equipment and advanced electronics. Since its formation in 1972, contracts with the U.S. Government and prime U.S. defence contractors have led to its present position as a broad capability systems supplier to the armed forces.

G and S's turnover for the current year is around $5m (£3.3m). Its present market position has been obtained through specialisation in engineering analysis and design, system manufacture and testing and system software development.

According to Fairey, the acquisition of G & S represents a further step in the company's expansion programme. Commenting on the deal, Mr Derek Kingsbury, chief executive of Fairey, said that G & S's activities and expertise were "directly complementary to Fairey's existing technology" and that the acquisition would "strengthen the company's existing systems division."

Royal Insce. expanding in Spain

Royal Insurance (Int), a subsidiary of **Royal Insurance**, has entered into an agreement with the owner and management of **Velazquez SA**, a privately owned Spanish general insurance company, to acquire 60 per cent of the shares in that company through an increase in its capital at a cash price of £2.25m.

Mr Jim Clarke, general manager of Royal (Int), says that Royal Insurance has had a branch and agency representation in Spain for many years. "In Velazquez, we have found a company with a good reputation in the Spanish market and this development will significantly help our long term aim to achieve widely based profitable growth in Spain."

There are no plans at this stage to merge Royal Int's direct operations in Spain with those of Velazquez.

MANHATTAN OFFICES SOLD FOR $12.5M

Lynton Holdings and **Newarthill's** U.S. property subsidiary, McAlpine Park Lane Inc., through a 50-50 joint venture have recently completed the purchase of a freehold office building at 546-548, Fifth Avenue and 1-5, West 45th Street, New York.

The property occupies an important corner location in midtown Manhattan and comprises some 63,000 sq ft of offices, ground floor banking and retail areas.

The Seaman's Bank for Savings was the vendor of the property and has taken a lease on the ground floor banking hall and office accommodation totalling some 23,000 sq ft. Other tenants include the Portuguese Department of Trade and the Hong Kong Trade Development Council.

The purchase price was $12.5m.

This is the first investment acquisition that Lynton and McAlpine have made in New York and follows an extensive investigation into the market over the past two years.

MINING NEWS

The influence of Big Red Dog

BY KENNETH MARSTON, MINING EDITOR

THE BIG RED DOG zinc lead deposit and nearby properties in Alaska, controlled by Canada's Cominco in partnership with the native people, "will influence the world zinc and lead mining industry for many decades and will be as important to Cominco in the next century as the Sullivan mine in southern British Columbia has been in this century."

Thus says Mr Norman Anderson, chairman of Cominco, the major mining arm of the Canadian Pacific group, reports **Robert Gibbens from Montreal**. The future Red Dog mining operation and the Highland Valley copper development in British Columbia will provide the basis of Cominco's operations for at least the next 50 years.

Red Dog, in north-west Alaska, some 50 miles from deep water in the Chukchi Sea, was discovered by accident in 1968 by Bob Baker, a veteran Alaska bush pilot. His aerial sightings of mineralisation were later confirmed by the U.S. Geological Survey.

The mine is still in the early planning stage but, assuming that metal prices improve, it could be in production by 1987 and, says Cominco, eventually it could be the largest and richest open-pit zinc-lead mining operation ever seen.

At present its prospective working life is reckoned to be at least 50 years. Drilling done so far has indicated ore reserves of 77m tonnes with average grades of 17 per cent zinc, 5 per cent lead and 2.8 ounces of silver per tonne.

Australians boosted by hopes of oil find

AUSTRALIAN OIL and gas issues staged a further strong advance in Down-Under and London stockmarkets yesterday, boosted by increasing hopes of a new and major oil and gas discovery in the Jabiru I well in the Vulcan Basin off the coast of the Northern Territory.

Participants in the well are, among others, **BHP**, **Ampol Exploration** and **Weeks Australia**, all of which made the running in the share markets.

Elsewhere on the Australian oil exploration scene **Bond Corporation** announced an oil discovery at its 25 per cent owned Bambra No 2 well, located 20 km north-east of Barrow Island, off the coast of Western Australia.

Bond said a drill stem test of the interval between 2,037 and 2,038.5 metres—the well has a target depth of 4,100 metres—established a partially stabilised flow rate of 880 barrels of oil a day through a half-inch choke.

Testing of the 2,032 to 2,033.5 metre zone is expected to be completed later this week. Bambra 2 is being drilled in about 25m of water.

Other interests in the well, drilled in Permit WA 192P, are **Occidental Australia**, 27 per cent, **Getty Oil**, 17 per cent, **Texas Eastern**, 10 per cent, **Reading and Bates**, 8.5 per cent, **Pontoon**, 7.5 per cent and **Pelsart** 5 per cent.

Recent oil strikes off Barrow Island include the South Pepper, North Herald, and Chervil discoveries.

Meanwhile, Australia's leading onshore oil and gas explorer and producer, **Santos**, reports a 513 barrels of oil a day discovery in the 40 per cent owned Chookoo 1 exploration well in the Queensland sector of Cooper Basin.

The discovery was made in a reservoir under a previously discovered gas find in the top of the Hutton sandstone.

Oil flowed on a test of the interval between 1,721 to 1,724 metres and was accompanied by gas which flowed at a rate of 480,000 cubic feet a day.

Chookoo 1 is located 30 km south of the Jackson and Jackson South oilfields.

Ok Tedi seeks finance

THE **Ok Tedi Mining** company, which is developing the A$1.6bn (£936m) gold and copper mine of that name in the highlands of Papua New Guinea, is reported from Tokyo to have approached seven Japanese copper smelting companies to provide part of the financing required.

A request for between US$100m and US$200m was understood to have been made in recent talks. In return Ok Tedi is reported to have offered to supply between 50,000 tonnes and 90,000 tonnes of copper concentrates a year from 1988 on a long-term basis.

Recoverable ore reserves at Ok Tedi, based on Mount Fubilan in the west of Papua New Guinea close to the border with Indonesia, have been estimated at more than 400m tonnes. The deposit can be regarded as a virtual cone of copper mineralisation topped by a gold cap.

Mining production is expected to start in the first half of last year and will concentrate on the gold cap. Mining of the copper as well should begin about two years later. At planned extraction rates the mine has a life of between 25 and 30 years.

Ok Tedi Mining is owned by an international consortium comprised of Australia's **Broken Hill Proprietary** (30 per cent); the U.S. **Amoco Minerals**, a subsidiary of **Standard Oil of Indiana** (30 per cent); the Government of Papua New Guinea (20 per cent); and Kupferexplorationgesellschaft, a consortium of West German metal companies, holding the rest.

Echo Bay looks ahead

CANADA'S **Echo Bay Mines** has embarked on a C$5m (£2.7m) expansion programme to lift annual gold production to more than 140,000 ounces from last year's 120,000 ounces. It is expected to be completed in the final quarter of this year.

Net earnings for the second quarter of C$2.14m bring the half-year total to C$3.5m, compared with a loss of C$1.45m in the same period of last year when the new Lupin mine in the Northwest Territories had not reached the comercial production stage.

Echo Bay, which carries out extensive gold hedging operations, paid semi-annual dividends of 5 cents on the common shares (earnings equalled 3 cents) and C$1.50 on the preferred on June 30. It is expected that the semi-annual dividend on the common shares will be maintained following the six-for-five share split.

Looking ahead, Echo Bay expects that its costs of gold production per ounce (excluding depreciation and amortisation) will be US$209 in 1983 and US$200 in 1984.

On this basis it estimates that earnings for 1983 applicable to the common shares, after deducting preferred dividends, will equal 18 cents with a notional average gold price of US$400 per ounce and 34 cents at US$500. For 1984 similar earnings at US$500 for gold would equal 66 cents.

Hongkong Electric Holdings Ltd

NOTICE TO SHAREHOLDERS

RESULTS FOR THE HALF YEAR ENDED 30TH JUNE, 1983

Summary of Results	Six months ended 30th June 1983 (HK$ million)	1982 (HK$ million)
Turnover	1,268.0	1,081.0
Profit attributable to shareholders	357.2	301.9
Earnings per share	30.0 cents	25.4 cents
Interim Dividend per share	15.0 cents	13.0 cents

Net earnings and earnings per share have increased by 18% as compared to 1982. An interim dividend of 15 cents per share will be paid on the 24th October, 1983, representing an increase of 15.4% over the 1982 interim dividend.

REVIEW OF OPERATIONS AND OUTLOOK

An additional 125MW unit was successfully commissioned at the Lamma Power Station in April this year bringing the coal-fired plant to 625MW which represents some 40% of the company's generating capacity. Unit sales of electricity in the first half-year were some 15% higher than in the first half of 1982. This growth rate was higher than had been anticipated but it is too early to predict whether this trend will continue through the second half of 1983.

Sales of electrical appliances by Fortress were encouraging with sales up by 40% for the half year. In particular a good start has been made in exporting Fortress branded products to the Middle East.

Sales of flats in the City Garden development of International City Holdings Limited have shown considerable improvement with 95% of the units in Phase I now having been sold.

The Directors are confident that the profitability of the Group will remain satisfactory and that a final dividend of not less than 25 cents per share will be recommended.

REGISTRATION

To qualify for the interim dividend, transfers should be lodged with the registrars by 4.00 p.m., Tuesday, 20th September, 1983. The Register of Members will be closed from 21st September, 1983, to 30th September, 1983 (both days inclusive).

D. K. Newbigging, Chairman

Hong Kong, 2nd September, 1983.
Registered Office: Electric House, 44 Kennedy Road, Hong Kong.

SIMON ENGINEERING

Interim Report

for the six months to 30 June 1983 (unaudited)

	Six months ended 30 June 1983 £'000	Six months ended 30 June 1982 £'000	Year ended 31 December 1982 £'000
Turnover	159,433	162,321	362,573
Trading profit	5,234	5,073	13,980
Share of profits of principal associated companies	102	419	1,156
Interest receivable less payable	2,072	2,108	5,526
Profit before tax	7,408	7,600	20,662
Profit after tax	5,163	5,221	14,197
Minority interests	(506)	(444)	(849)
Earnings for the period	4,657	4,777	13,348
Earnings per ordinary share	15.8p	18.3p	51.1p
Ordinary Dividend—interim 4p per share (equivalent, with imputed tax credit, to 5.7143p: 1982—same)	1,041	1,041	—

The world trade recovery, of which we saw signs in the earlier part of the year, is turning out to be very modest. As I said in my published statement for 1982, there is a limit to how far we can continue our record of growth unless there is both an improvement in UK and international investment and some abatement in the intense international competitive pressure on our margins. So far we see few signs of either.

It is consequently still difficult to forecast accurately the outturn for the year end. It will not be easy to match the record performance of last year but it remains our aim to do so. Given that world trade continues to recover we shall see in 1984 and later years the benefits of all our recent work in improving our activities and operations.

Harry Harrison *Chairman*
SIMON ENGINEERING PLC
Cheadle Heath, Stockport,
Cheshire, SK3 0RT.

UK COMPANY NEWS

Macfarlane ahead midway

IN SPITE of continuing difficult trading conditions Macfarlane Group (Clansman) pushed its pre-tax profits up from £1.05m to £1.16m for the opening half of 1983 from turnover £1.7m ahead at £17.33m.

Group chairman, Sir Norman Macfarlane, points out that the results would have shown a considerable improvement had it not been for losses incurred by the companies engaged in copying products and office supplies—Farquharson Brothers and Cyro Copigraph between them lost over £100,000 in the period under review, a major part of which was caused by non-recurring redundancy payments and a large debt in Farquharsons.

Half year earnings improved from an adjusted 3.33p to 3.67p per 25p share and the net interim dividend is being effectively increased by 0.153p to 1.673p—a final of 2p was paid previously.

Sir Norman says trading patterns *are exceedingly unpredictable* at present but adds that the excellent month's trading which the group achieved in March was followed three months later by a record June—the group is engaged in packaging and printing.

Although *trading* conditions are likely to remain difficult for the rest of the year the directors face the future with "confidence and optimism."

Controlled Packaging Services, of Westbury, Wilts, the group's most recent acquisition, performed well as did N. S. Macfarlane (Furniture) of Glasgow, Smith Brothers of Kilmarnock and *MBF (Clansman) of Paisley.*

In spite of continuing difficulties *being experienced by the* Scotch whisky industry group companies involved in this sector again traded successfully with Abbott's Packaging of London, A. and W. Fullarton of Govan and Daniel Montgomery of Kirkintilloch all making significant contributions to group progress.

The group's very positive cash flow resulted in borrowings being reduced. At the end of August total borrowings amounted to only £275,000.

Within the next two months *Macfarlane* will complete two acquisitions, each of which is *relatively small. It is also involved* in several "interesting negotiations."

First half tax accounted for £602,000 (£547,000) to leave net profits at £556,000, compared with £505,000—for the 1982 year the group reported taxable profits of £2.15m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not *available as to whether the dividends* are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—James Beattie, Brammer, English and New York Trust, Exco International, IMI, Kode International, Lambert Howarth, Moben, J. N. Nichols (Vimto), Nurdin and Peacock, Pentos, Provident Financial, Reckitt and Colman, Robinson Brothers (Ryders Green), Sharpe and Fisher, Stewart Wrightson, Wadkin, Wilson (Connolly).

Finals:—Cantors, Datastream, FMC, Land Investors, Ricardo Consulting Engineers.

FUTURE DATES

Interims:—

AFV	Sept 29
Air Call	Sept 14
Automotive Products	Sept 8
BTR	Sept 13
BWG	Sept 8
Baird (William)	Sept 15
Bodycote International	Sept 19
Booker McConnell	Sept 15
Burmah Oil	Sept 14
Cakebread Robey	Sept 14
Eagle Star	Sept 14
Family Investment Trust	Sept 7
Hartons	Sept 13
Hurst (Charles)	Sept 30
Kleinwort Benson Lonsdale	Sept 20
Menzies (John)	Sept 22
Merchants Trust	Sept 12
Pearson (S.)	Sept 12
Portals	Sept 8
Schroders	Sept 8
United States Debenture Corp.	Sept 20
Wimpey (George)	Sept 29
Wolstenholme Rink	Sept 12
Woolworth	Sept 14

Finals:—

Chambers and Fargus	Sept 12
Clark (*Matthew*)	Sept 8
Gripperrods	Sept 16

Sunleigh first half profit of £177,000

A profit of £177,000 has been made by Sunleigh Electronics for the half year ended June 30 1983. Traditionally, this period is the greater profit earner, and the second half is not expected to produce such a high figure.

The directors state that the group continues to trade well

The group makes electronic equipment to customers' specifi*cations and distributes optical* equipment, and recorded a turnover of £1.18m in the first half. After tax £79,000 and expenses *of acquisitions and USM share* placing, together with ex-gratia payments to former directors £118,000, there is an attributable loss of £20,000. Before the extraordinary item earnings are shown at 0.43p per share.

Water issue

Seymour Pierce has placed *£3.8m of Eastbourne Waterworks* Company 12½ per cent Redeemable Debenture Stock 2004 at par. Comparative gilts are yielding approximately 11 per cent to redemption. Dealings will start, £10 per cent paid, at 2 pm tomorrow. The balance is payable on September 28.

RESULTS AND ACCOUNTS IN BRIEF

BENJAMIN PRIEST GROUP (building products, fasteners, drop forgings and fittings)—Results for the year to April 1, 1983, reported August 15. Net current assets £2.97m (£4.13m); fixed assets £10.38m (£11.7m); shareholders' funds £12.63m (£14.42m); decrease in net *liquid funds £252,000 (£1.02m).* Ex-gratia payment for former directors £89,000 (£25,000). Meeting: Cradley Heath, Warley, West Midlands, on September 27, at 2.15 pm.

DAN BROTHERS BUIST—Pre-tax profit for year to May 29, 1983, £1.22m (£1.42m); turnover £28.16m (£26.63m): tax *£383,000 (£728,000); extraordinary* debits £141,000 (£831,000). Dividend 2.25p net (2p); earnings per share 12.6p (10.4p loss adjusted).

SAMUEL HEATH & SONS (brass, metal products)—Dividend 20p (19p) for year to March 31, 1983. Turnover £3.4m (£3.8m); pre-tax profit £447,000 *(£570,000); tax £228,000 (£240,000).*

F. H. TOMKINS (pressed buckles, steel fasteners) — Results for year ended May 1, 1983, reported August 15. Shareholders' funds £7.53m (£6.78m); fixed assets £2.02m (£1.86m); net current assets £5.62m (£5.04m). Meeting, Post House, Great Barr, September 29, noon.

SMITH WHITWORTH (carpet and vinyl handling and cutting machinery) —Results for year to March 31, 1983, and prospects, reported August 24. *Shareholders funds £707,925 (£700,390);* bank loan £31,429 (£40,714): fixed assets £655,401 (£701,333); net current assets £128,953 (£84,771) including secured bank overdraft £214,850 (£209,930); increase in working capital £24,558 (decrease £301,469) including rise in cash and bank balances £52,355 (fall £163,275). Meeting: Manchester, October 3, noon.

COURTS (FURNISHERS) (retailer of household furniture, carpets and bedding)—Results for the year to the end of March 1983 reported on August 15. Shareholders' funds £29m (£25.81m). Fixed assets £24.51m (£21.79m). Net current assets £21.1m (£19.12m). Increase in working capital *£3.44m (£1.12m). Meeting: Morden,* Surrey on September 28 at 11 am.

LONGTON INDUSTRIAL HOLDINGS (road transport, storage and distribution)—Results for the year to March 31, 1983 already known. As at end of March 1983 net current assets £3m (£4.3m): ordinary shareholders' funds £10.16m (£9.71m): increase in net working capital *£401,000 (£1.46m* decrease); increase in net bank overdrafts £1.53m (£139,000). Meeting: Stoke-on-Trent, September 23 at noon.

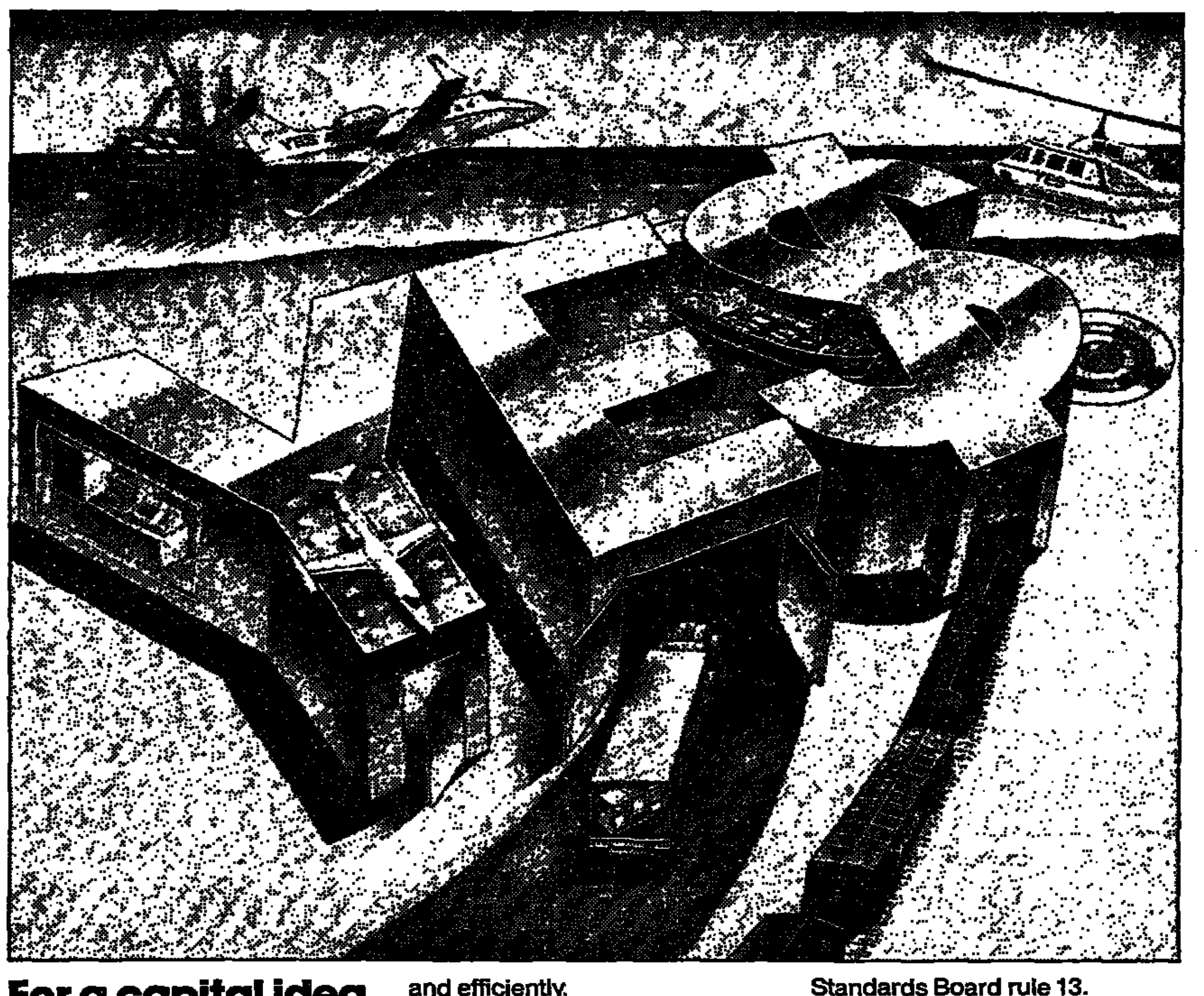
COUNTY PROPERTIES GROUP — Results for the year to March 31 1983 and prospects reported August 12. Shareholders' funds £8.1m (£7.46m). *Fixed assets £46,000 (£37,000). Net* current liabilities £97,000 (£238,000). Increase in net short-term borrowing £236,000 (£75,000). Meeting: York, September 16, noon.

AVANA GROUP (food processor)—Results for the year to April 2 1983 reported on August 15. Shareholders' funds £40.25m (£33.94m). Fixed assets *£21.37m (£19.11m). Net* current assets £21.21m (£16.1m). Northern Foods holds 20.33 per cent of ordinary shares. Meeting: Great Eastern Hotel, Liverpool Street, EC, *on September 16 at* noon.

REARDON SMITH LINE (shipping)—Results to March 31 1983 and prospects reported August 10. Group shareholders' funds £3.34m (£12.72m): fixed assets £12.13m (£23.33m); net current assets £662,602 (£2.46m): decrease in net liquid funds £2.9m (£0.57m increase). *Meeting: Cardiff, September* 15, 11 am.

WINTERBOTTOM ENERGY TRUST—Net asset value per ordinary share at close of business on August 29 was 90.1p after deducting prior charges at par and 92.4p after deducting prior charges at market value.

DAVID S. SMITH HOLDINGS (manufacturer of photolitho printed packaging material)—Results for the year to April 30, 1983 reported August 15. Fixed assets £295,475 (£361,595): net current assets £1.55m (£1.59m); shareholders' funds £1.85m (£1.95m): decrease in bank and cash balances £315,887 (increase £215,438). Meeting: Kingsley Hotel, WC, on September 30 *at noon.*



THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

A fruitful retirement

Tim Dickson reports on why an inventor decided to 'go it alone'

WHEN HE stepped down three years ago as chairman and managing director of a major private company, mechanical and mining engineer Allan Hilton was anticipating a relatively quiet retirement.

A proven inventor and a successful entrepreneur, 55-year-old Hilton intended to devote most of his spare time to dreaming up new product ideas and licensing the manufacturing rights to big companies.

He wanted, if possible, to avoid the headaches of running his own business.

Happily for Hilton, even the best-laid plans can go astray, for since then he has set up a brand new business (his third) called Hilton Products, has raised £250,000 of new equity from the Government-backed British Technology Group (BTG), and has embarked on a new manufacturing and marketing project which he considers to be one of the most exciting yet in his eventful life.

The objects of his present enthusiasm are two new products for the industrial and Do-It-Yourself markets called the "Terrier" and the "Beaver." The Terrier is a vice designed with a variable jaw length, which Hilton believes is "revolutionary," while the Beaver (which incorporates the Terrier) is a tough and compact workbench aimed at a similar sort of market as the famous and highly successful Black and Decker "Workmate" (the Beaver, however, has a significantly larger working area).

Ironically, Hilton has been forced to "go it alone" again because of what he calls the "generally dilatory" response of those large UK companies he has approached as potential licensees. (He admits, though, that since being turned down by two major companies just over a year ago he has considerably improved his original designs.)

"Innovators in the UK," he observes, "are at a considerable disadvantage when dealing with big companies. In my experience I have found that either the people you deal with believe no product idea is any good unless they thought of it themselves or they are just not capable of or responsible for taking the suggestion on to the next stage. A lot of interesting work gets buried in their 'in' trays."

Hilton has particularly strong feelings on this subject since he has found that "it is impossible to be an innovator and to manage a company at the same time. It is no accident that most of my best ideas over the years have been conceived on holiday or when travelling." He nevertheless draws inspiration from the fact that Ron Hickman—the man who invented the Workmate and ultimately made a fortune with it—also had to take his idea beyond the production stage before others appreciated its enormous potential market.

Hilton Products was initially set up in 1981 to manufacture the "Jobezer"—an easily transportable and easily folded step ladder safety platform with safety rails for use in the home for decorating and similar purposes.

Although potential licensees showed little interest in it at the pre-production stage, the situation changed in February last year when the Jobezer was given a special award at the Birmingham International Spring Show. No fewer than four public companies came forward as possible partners and in May an agreement was reached to grant Beldray (part of Butterfield Harvey) manufacturing and sales rights in the UK and 23 other countries. Three months later a similar licence was negotiated with a West German company.

Hilton had hoped to sign similiar royalty deals for the Beaver and Terrier but once again he ran into trouble tryinug to find interested licensees. Hence the recent deal with the BTG's North West Regional Enterprise Board to finance new production facilities at the company's Bolton headquarters.

Besides providing badly needed working capital, the money has been used to pay for

Mike Arron

Allan Hilton: "It is impossible to be an innovator and manage a company at the same time".

a large moulding machine for processing the Beaver's polypropolene worktop (according to Hilton this investment was required to keep the Beaver's price below £60).

Production apart, Hilton is well aware that the major challenges for his new company will be marketing and selling the Beaver and Terrier on a worldwide scale — an exercise he will not be attempting for the first time.

In 1967, for example, he helped form the Universal Anchorage Company, which subsequently became one of the leading specialist ground anchor contracting organisations both in the UK and overseas.

And in 1971 he left to set up Mining Developments, a business whose range of underground mining machines was initially targeted at the National Coal Board but which since 1975 has chalked up export sales in more than 20 countries. "The Coal Board certainly allows you to manufacture profitably," recalls Hilton, "but I know from my Mining Development days that the cream and jam of any business comes from exports. I reckon that 90 per cent of the market for the Beaver and Terrier lies outside the UK."

Hilton is thus busy seeking worldwide distributors and direct retail outlets for his new products, particularly in the United States. But, significantly, he continues to look for new licensees. "It's a big world and we are only a little company," he admits. "The best way of expanding in future will almost certainly be by enlisting the support of other people rather than attempting to do it all ourselves."

The BTG, meanwhile, will be hoping that its investment in Hilton Products—besides creating 15 new jobs and safeguarding other employment in the area—will provide a useful example of how to translate the fruits of research and development into a viable commercial operation.

Its 30 per cent equity stake should ensure a healthy return if all continues to go well, but a key part of the deal from Hilton's point of view is an option giving him the right to buy back the BTG interest at any time (the price being determined by reference to an agreed formula).

"My son is in the business and my main motivation now is to be able to build something up which I can pass on to him," he says. The good things about the BTG is that they do not seem to be looking for quick results and thanks to this buy-back facility I will be able to keep control in the family."

In brief . . .

MORE THAN £100m of potential orders will be on offer to small and medium sized businesses in the UK at this month's Can You Make It? exhibition in London. Some 600 or so components and sub-assemblies will be on show and the orders will be available to those companies which can match the price, quality and delivery dates of those overseas companies presently supplying the products.

The show is the second of its kind in Britain. The first, a year ago, attracted widespread interest, though the organisers, which include the Confederation of British Industry and the London Enterprise Agency, admit that the number of new orders placed as a result was probably limited. The forthcoming event, however, seems particularly timely in view of the gloomy news that Britain's trade in manufactured goods has gone into deficit this year.

Among the 60 companies taking part in the exhibition, which is to be held at the London West Hotel in Hammersmith on September 26 and 27, are British Steel, British Gas, Britoil, Esso, Glaxo, Thorn-EMI, and Vauxhall Motors. Vauxhall Motors wants to increase the British input into a new Bedford van to be launched next year. At present the van has a British content of just over 50 per cent, but the company wants to raise this to 80 per cent.

●

THE ASSOCIATION of Independent Businesses has called for small firms to be represented on the National Economic Development Council (NEDO). This follows the announcement by the Chancellor that a Treasury team is to report to NEDO on the sectors where jobs in Britain are most likely to be created.

●

MOST PEOPLE considering self-employment for the first time are surprised by the amount of pre-launch planning and research recommended by the experts. This is one of the most significant findings of a questionnaire sent to over 800 people who attended London Enterprise Agency one day courses in 1982-83.

Four one-day courses have been arranged by LEntA at different London venues over the next four months (the first at Kensington Town Hall is on Saturday). A more advanced course, running over four weekends, is also available from LEntA for those who have made the decision to go ahead. Details from LEntA on 01-248 4444.

●

THE 1970s saw a vast increase in small business research and literature and this trend has continued in the 1980s. In an attempt to collect and classify such work, the London Business School in early 1980 published the London Business School Small Business Bibliography. This was subsequently followed by two supplements. Now a complete and updated second edition is available, containing 4,356 entries, the majority of which refer to work published since 1970 and over 25 per cent of which has been published since 1980. It is available, price £65 from Alan Armstrong and Associates, The Business Bookshop, 72, Park Road, London NW1 4SH.

●

FINANCE FOR expansion is available if you look for it, judging by the experience of Peter Antill, managing director of the Slough-based computer software house, Comac Systems.

Comac took advantage of a £50,000 loan under the Barclays Business Start scheme earlier this year, and at the same time became eligible for a £103,000 grant from the Department of Trade and Industry and the National Computer Centre.

Now the company is hoping to raise a further £260,000 by way of the Business Expansion Scheme, another Government measure and one which enables individuals to claim tax relief on new equity commitments to unquoted companies.

Proceeds from the placing of 15 per cent of Comac's equity—the issue is being handled by stockbrokers Northcote and Co—will be used to complete the development of Comac III, the company's new maintenance management system. Antill claims maintenance managers will be able to attain a level of performance previously possible only by queuing for the facilities of a mainframe computer or by buying a mini computer.

Comac also has designs on the United States and plans to use some of the new money to complete a full market survey.

A dilemma retailers cannot discount

BRITAIN'S struggling smaller retailers are suddenly attracting increased attention.

The National Federation of Self Employed and Small Businesses, a small firms' representative organisation, and the Council for Small Industries in Rural Areas (CoSIRA), an agency of the Development Commission charged with improving the lot of small firms in the countryside, have both in their own ways been championing the cause of what many fear is a dying breed.

Anyone with their eyes open will have seen evidence in recent years of the decline of the small shop. The lure of large supermarkets, the need to stock a wide range of often slowly moving goods, and the difficulty of getting wholesalers to deliver in small quantities have all combined to hit hard this most British of institutions. Over half the country's grocery sales are now estimated to be in the hands of six companies and since 1971 50,000 small grocery shops have disappeared.

Some would argue that this is the inevitable consequence of free competition and that the lower prices available to large supermarkets through bulk purchasing and fast turnover are bound to be more appealing to the consumer than the convenience and personal service of the local store. Others, however, take a different view.

Suffering

Conscious that many of its members are suffering as a result, the National Federation has been busy drawing attention to the question of what it calls "discriminatory discounts." This is the practice common among large suppliers of granting, or among large retailers of inducing, discounts which cannot be attributed to savings in the supplier's costs.

Evidence for this is hard to come by but the National Federation and others often cite the example of bread—the small shopkeeper's cheapest source of supply for this staple commodity is often his local supermarket, not his local wholesaler.

A delegation from the National Federation recently met Sir Gordon Borrie at the Office of Fair Trading and Alex Fletcher, junior minister at the Department of Trade and Industry, only to be told that they still hold to the view put forward by the Monopolies and Mergers Commission in May 1981, namely that discounting is not generally harmful and is beneficial to the consumer.

The Government appears to feel that existing legislation is adequate to protect retailers against "unfair" discounting. Fletcher said he would only be convinced by specific examples of large multiples putting pressure on manufacturers and wholesalers.

Frustrated by the reaction, the Federation is still considering its next step. Increased Parliamentary lobbying is one option but officials are also planning to play up the social costs of undue concentration in the retailing sector, paid for by the poor, elderly and immobile, particularly in rural areas.

Rural shopkeepers, indeed are the target of the CoSIRA initiative which was announced earlier in the summer. Increasingly well known for its aid, both financial and advisory, to rural manufacturing and service industries, CoSIRA has realised that there is little point in pursuing this policy if local services are allowed to wither. "You can't encourage a company to set up in the country if there's no shop nearby for, say, the telephone girl to pop out and buy her supper," explained a spokesman.

Although it realised that there are problems outside the control of village shopkeepers, CoSIRA also believes inadequate management skills (e.g. poor knowledge of VAT or tax) are often responsible for their downfall.

Plans to help are still at an early stage and initally priority will be given to the Development Commission's Special Investment Areas (SIAs). But the aim is to establish a confidential advisory service, build up contacts with prospective purchasers of village shops, run training courses (standard practice in many European countries) and help small shopkeepers negotiate more reasonable terms with wholesalers and suppliers.

CoSIRA's retail consultants have already identified 750 shops possibly at risk. More information from CoSIRA, 141 Castle Street, Salisbury, Wilts SP1 3TP.

Tim Dickson

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Full details to
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10 Cannon Street, London EC4P 4BY

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A UK public manufacturing group wishes to acquire a company manufacturing or distributing a broad range of security products. The company should be operating profitably with turnover of £½m-£2m having management capable of pursuing a growth strategy.

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PUBLISHER WISHES TO ACQUIRE A MUSIC PUBLISHING OR BOOK PUBLISHING COMPANY

with available tax losses in excess of £50,000. The company must be actively trading.
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An expanding group, primarily manufacturing for the building industry wish to acquire companies manufacturing ventilation, heating, plumbing, security, electrical and acoustic products.

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INVESTMENT AVAILABLE

British private company wishing to diversify has substantial funds available to invest in a company or individuals involved with microelectrics related products.

Reply to Managing Director
Box G9081, Financial Times
10 Cannon Street, London EC4P 4BY

UK BUSINESS WANTED

Quoted UK group with substantial overseas operations wishes to diversify by acquiring profitable UK business. Most likely proposition is company with proven track record, sound management, high taxable profits and little or no dividend payments in the past few years. Consideration likely to be £500,000 to £2,500,000 in cash or paper. Particulars to D. E. Evennett, Touche Ross & Co., PO Box 500, Abbey House, 74 Mosley Street, Manchester M60 2AT.

Readers are recommended to take appropriate professional advice before entering into commitments

TECHNOLOGY

EDITED BY ALAN CANE

Wordstar—a dominant force in word processing

Professional Personal Computing

Word processing is one of the most widely used personal business applications. This week the new column looks at one of the most popular programs on the market.

NEW IS not always better in the personal computer field.

As standard hardware and operating systems emerge in the market place, few application programs have achieved the same status. Wordstar, published by Micropro International of San Rafael, California, is however an exception.

Competition is increasing in the personal computer software market but Wordstar, first introduced in 1979, has held its own against new products and trends. Though other word processing programs are often touted as easier to use, or easier to learn to use, Wordstar is the standard against which the others are measured.

Three-quarters of Micropro's sales come from its word-oriented personal computer products.

Wordstar, the company's word-processing package, has twice as many users as any other word-processing system ever created.

Over the past couple of years Micropro has introduced sister products that put Wordstar's files into mailing systems, forms, reports and other business facility programs.

The company has matured from an entrepreneurial concern founded four years ago to become the leading supplier of word-processing programs for personal computers.

Even by Silicon Valley's standards, Micropro's growth has been staggering.

From 1979 gross revenues of $439,000, the company's business has risen to gross sales for 1982 of $22,312,000.

With one month left to go in its fiscal year, Micropro has already grossed $39m which should bring its total for 1983 to over $50m.

To keep on top of this growth, Micropro founder and president Seymour Rubinstein has already appointed his successor as president of the company.

"We needed someone who was accustomed to dealing with bigger numbers and managing a bigger organisation," explains Mr Rubinstein.

While planning to keep very much in touch with the running of his company as chairman, Mr Rubinstein will hand over the title of president and chief operating officer to Mr Glenn Haney, former senior vice-president at Sperry Univac.

For Mr Rubinstein, recognising the need for additional management talent at Micropro may be the first step toward taking his company public. "I would be happy to see us go public," he comments. So may a lot of eager investors.

Though Micropro's fortunes are largely based upon one winning product, the company has used the success of Wordstar to create new opportunities.

Programs such as those offered by Micropro are often designed to run on only one manufacturers' computer, or with only one type of operating system. Micropro has overcome that limitation by customising its programs for a wide range of hardware, and for the most popular operating systems.

The company has also entered into "own-label" agreements with several major computer manufacturers and sells its programs "bundled" with computer hardware as well as directly to the end user.

Micropro has also come up with an answer to the efforts of Apple Computer and Visicorp to redirect the software market toward "integrated" software programs that enable the user to switch from one application to another: "their systems let you play around, ours produce work. Theirs may be easy to use, but they also make it easy to make a mistake," Mr Rubinstein comments.

"We offer a procedural integrated software system," explains Mr Rubinstein. Starburst, an integrating package for Wordstar and related products became available in the U.S. this month. The system allows managers to set up business procedures which can then be delegated.

Another aspect of Micropro's growth has involved the establishment of international subsidiaries in Europe and Japan. The company has developed a decentralised structure with local manufacturing, marketing and distribution as well as field sales and support offices.

LOUISE KEHOE

Big spenders

USERS OF personal professional computers quickly discover that having your own machine is a licence to spend money.

According to the New York consultancy Frost and Sullivan, personal computer owners spend an average of $1,027 on additional equipment for their new possession in the first year of purchase.

Frost and Sullivan specifically excluded the simpler home-computer systems and the very top end multi-user microprocessors — in other words, the report deals only with the single user system for the executive.

Only 1 per cent of owners added a hard (Winchester) disc in the first year although 6 per cent said they intended to add one in time.

Additional memory — usually 32K—was a popular buy as was communications devices to allow computers to talk to each other over the telephone. The study costs $1,275. Frost and Sullivan is on (212) 233 1080 in New York, 01-486 8377 in London.

Popular printers

NORBAIN MICRO now have stocks of the new Epson RX-80FT and FX-100 printers which have proved themselves popular among microcomputer users. The new printer offers a printing speed of 160 characters per second and an additional quiet mode option, user definable graphics, proportional spacing and an italic font. Details on 0734 752201.

FOUR YEAR PLAN TO USE GENETIC PEST CONTROL

Egypt's war on insect pests

BY THOMAS LAND

NEW TECHNIQUES in the use of radiation for genetic insect control point the way towards reducing the global dependence on toxic agricultural chemicals. Egypt has signed an agreement with the International Atomic Energy Agency for a big project to eradicate an expensive farm pest within four years.

It is about to deploy a peaceful nuclear weapon intended to eradicate the Mediterranean fruitfly, an important deterrent to food production in the Middle East. The $19.3m project will start with the construction of a network of facilities for the rearing and release of billions of irradiated insects. The scheme is to reduce Egypt's dependence on conventional pesticides.

Though the Cairo government recently signed a comprehensive peaceful nuclear power development agreement with Canada, it is to rely on the United Nations' International Atomic Energy Agency (IAEA) for the radiation component of the eradication programme.

The project springs from an important symposium on the use of radiation in genetic insect control, held near Munich recently under the joint auspices of the IAEA and the UN's Food and Agriculture Organisation (FAO). The process has attracted the urgent attention of agricultural planners in many countries because it offers a way to insect control bypassing the prohibitive energy costs involved in the production of conventional pesticides as well as their undesirable effects on the environment.

The Medfly infests citrus and stone fruit in all farming areas of Egypt and severely restricts the expansion of food production. About 1.25 million acres of Egypt's arable land are used for the production of crops vulnerable to the insect. These areas are sprayed periodically with imported conventional pesticides to establish some degree of Medfly control, at a cost of up to $60 an acre.

The plan is to eradicate the insect from the country within four years. In the first 18 months of the project, facilities capable of mass-rearing one billion Medfly a week will be constructed, methods for the sterilisation, packing and release developed and a pre-eradication field ecology survey conducted. The IAEA and FAO are to supervise a staff training programme.

Egypt is to raise $8m of the cash cost of the project in addition to contributing local labour as well as specialist skills and services. The IAEA is to make available U.S.$11.3m, raised on its behalf by various European donors.

Egypt is trying to extend its land use into the desert but has to eradicate pests to succeed.

Sterile insect release projects against the Medfly supervised by the IAEA have already eradicated the insect from the Italian islands of Procida and Capri, and controlled it over large areas of Central America. A project involving the mass-rearing, sterilisation and release of about 500m flies per week using equipment and facilities, largely designed by the IAEA, have eradicated the pest entirely in Mexico.

Progress in the development of the sterile insect technique during the past quarter century has surpassed expectations; and aspects of the new technology are now included as major elements in the integrated national pest control programmes of many countries such as the United States, Japan, Taiwan and Mexico.

The technique has already proved valuable in controlling various fruit flies and moths, mosquitoes, stable flies, boll weevils, screwworm flies and hornflies.

Business

NCR cuts computer prices

THE PRICE of NCR's "Decision Mate" professional personal computer has been cut by about 25 per cent in the UK after demand which the company says has "exceeded all expectations."

John Olford, the UK product manager, says savings made possible through bigger discounts on bulk buying of components are being passed on to customers. The price of the 8-bit computer with built-in Winchester hard disc and 10m characters of storage has been cut from £4,225 to £3,290. The equivalent dual-processor 8-bit/16-bit version comes down from £4,615 to £3,640. There are bargains in memory upgrades: moving from 64K to 256K now costs £385.

There are also colour graphics packages, new memory and disc storage modules and a disc utility which enables the Decision Mate to exchange data with other leading microcomputers.

The machine is already disc compatible with the IBM Personal Computer; the new disc utility converts data on floppy discs from computers such as Digital Equipment, Osborne, ITT, Kaypro and Triumph Adler.

So executives can send data on disc to each other through the post, and salesmen using portable computers such as the Osborne 1 can process their data on a head office Decision Mate. More on 01-723 7070.

Magnetism

Research in low cost magnets

RESEARCH INTO neodymium-iron magnetic material has been intensified in recent times at General Motors in the U.S. Experts believe it could lead to a new generation of permanent magnet motors that would be more efficient and less expensive.

The least expensive magnets currently available are made from ferrite and cost about $4/lb. But ferrite magnets have a limited energy output and can be used economically only in small machines. More powerful magnets, using samarium cobalt alloy cost in the region of $50 to $100/lb.

It is likely that the new neodymium-iron weighing combine the best features of ferrite and samarium cobalt —at a cost closer to that of ferrite.

But the Japanese are hot on the trail, including Sumitomo and Hitachi. The latter believes that if it takes a 250-lb ferrite magnet to generate 25 hp, the same motor could be built using neodymium-iron weighing only 35lb.

Telecoms

Voiceband modem

A FREQUENCY shift keying single chip voiceband modem is now available from Dage Eurosem. The company says that the chip has its own transmitter, receiver and interface control and timing logic. Designated the AM7910, it uses digital signal processing techniques. More information is available from the company on 0296 32881.

Materials

Coating detector

SHEEN INSTRUMENTS are now offering a kit which can identify poor powder coatings. It consists of a portable battery-operated electrometer, a high-voltage probe, a Faraday cup with ion trap and all interconnecting cables. More details of the diagnostic instrument are available on 01-940 1717.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday September 6 1983

First Boston sets new fashion in Eurobonds, Page 30

TOKYO

All-time high but sentiment still weak

THE STEEP drop in U.S. M-1 money supply encouraged investors in Tokyo yesterday to select internationally popular blue chip issues, leading the Nikkei-Dow average to a record high, *writes Shigeo Nishiwaki of Jiji Press.*

The barometer index of 225 select issues climbed 27.44 from last weekend to close at 9,252.21, but volume shrank sharply to 275.18m shares from last Friday's 323.23m.

Market analysts believe that although the index soared to an all-time high, buying sentiment still remained weak, mainly due to uncertainties over the future market trend.

Among selected issues was Matsushita Electric Industrial, which climbed Y60 to Y1,640 on reports that IBM had entrusted Matsushita with the production of its next-generation personal computer. This sent other electrical stocks moving ahead, with Alps Electric gaining Y40 to Y2,710, Pioneer Electronic Y90 to Y3,050 and Hitachi Y13 to Y873.

Telecommunications also surged ahead on expectations of an increase in exports of telephone equipment, with Iwatsu Electric rising Y100 to Y1,830 and Oki Electric Y15 to Y737. Sankyo Seiki scored a maximum gain of Y200 to Y1,650 on reports that it will enter into a business tie-up with IBM.

Limited gains were also registered by drug issues such as Yoshitomi Pharmaceutical, up Y200 at Y1,240, and Nikkon Chemical, up Y100 at Y800. Arabian Oil moved ahead Y1,000 to Y7,100 on reports that it would explore oil fields off China.

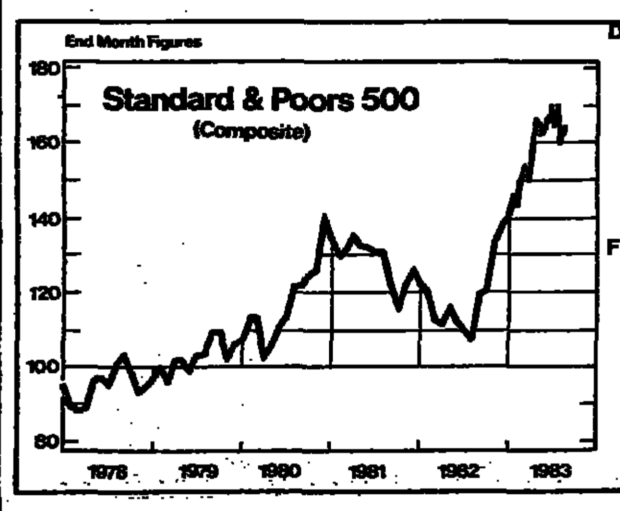
Conversely, pacesetting speculative issues fell sharply under profit-taking pressure, with Dai Nippon Pharmaceutical slumping Y140 to Y3,290. Advances outnumbered declines 342 to 291, with 172 issues unchanged.

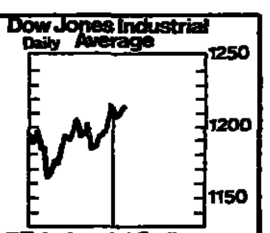
Although the Nikkei-Dow average reached a record level, trading was generally slow as investors remained uncertain about the market's future course.

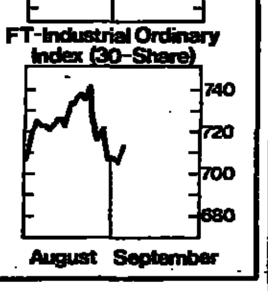
Bond prices gained ground on buying by financial institutions, with yields declining further. Some city banks continued to sell government bonds, but other city banks and financial institutions related to agriculture and forestry, as well as small and medium-size securities firms, bought these bonds.

Yield on the barometer 7.7 per cent government bonds, with a little over six years remining to maturity, plunged to 7.635 per cent from last weekend's 7.68 per cent, but bounced back to 7.67 per cent later because of uncertainty over future moves. Yield on 7.5 per cent government bonds, with a little more than nine years remaining to maturity, fell to 7.98 per cent from 8.02 per cent.

KEY MARKET MONITORS







STOCK MARKET INDICES

NEW YORK	Sept 5	Previous	Year ago
DJ Industrials	closed	1215.45	925.13
DJ Transport	closed	558.94	369.68
DJ Utilities	closed	130.11	117.29
S&P Composite	closed	165.00	122.68
LONDON			
FT Ind Ord	713.2	705.8	593.9
FT-A All-share	451.51	449.23	358.02
FT-A 500	489.35	486.54	394.76
FT-A Ind	440.24	436.80	363.32
FT Gold mines	682.3	679.8	369.2
FT Govt secs	79.63	79.45	78.76
TOKYO			
Nikkei-Dow	9252.21	9183.11	7175.59
Tokyo SE	682.9	676.31	536.94
AUSTRALIA			
All Ord.	723.2	714.4	487.5
Metals & Mins.	614.2	604.6	405.2
AUSTRIA			
Credit Aktien	55.18	55.21	48.76
BELGIUM			
Belgian SE	132.08	132.49	99 87
CANADA			
Toronto Composite	closed	2512.3	1650.7
Montreal Industrials	closed	450.20	300.05
Combined	closed	422.29	284.87
DENMARK			
Copenhagen SE	190.98	186.81	86.13
FRANCE			
CAC Gen	133.6	133.1	100.20
Ind. Tendance	143.1	141.6	115.5
WEST GERMANY			
FAZ-Aktien	312.75	312.12	223.25
Commerzbank	928.3	923.6	677.2
HONG KONG			
Hang Seng	928.14	950.54	1076.26
ITALY			
Banca Comm.	200.24	202.27	166.55
NETHERLANDS			
ANP-CBS Gen	138.6	138.4	88.0
ANP-CBS Ind	111.8	111.8	69.1
NORWAY			
Oslo SE	206.36	207.1	104.62
SINGAPORE			
Straits Times	969.39	978.46	645.14
SOUTH AFRICA			
Golds	965.9	945.3	565.5
Industrials	939.8	932.4	608.1
SPAIN			
Madrid SE	closed	113.07	106.4
SWEDEN			
J & P	1528.51	1527.15	632.44
SWITZERLAND			
Swiss Bank Ind	336.9	335.3	246.7
WORLD	Sep 2	Prev	Yr ago
Capital Int'l	177.7	177.7	134.3

GOLD (per ounce)

	Sept 5	Prev
London	$419.375	$417.625
Frankfurt	$419.00	$417.75
Zürich	$419.50	$418.50
Paris (fixing)	$419.66	$418.66
New York (Sept)	$416.90 *	$415.40

* Indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Sept 5	U.S. DOLLAR Previous	STERLING Sept 5	STERLING Previous
$	1.5	1.4955	—	—
DM	2.684	2.695	4.0275	4.0325
Yen	246	246.75	369	369.25
FFr	8.0775	8.1025	12.11	12.115
SwFr	2.177	2.188	3.265	3.275
Guilder	3.0010	3.012	4.505	4.505
Lira	1600.25	1607.5	2400	2403 5
BFr	53.99	54.23	81	81.1
C$	1.23075	1.23275	1.8455	1.8435

INTEREST RATES

Euro-currencies (three month offered rate)	Sept 5	Prev
£	9⅞	9 15/16
SwFr	4 7/16	4 9/16
DM	5 13/16	5¾
FFr	15½	15½
FT London Interbank fixing (offered rate)		
3-month U.S.$	10 3/16	10⅛
6-month U.S.$	10 5/16	10¼
U.S. Fed Funds	n/a	9½
U.S. 3-month CDs	9.8	9 95
U.S. 3-month T-bills	n/a	9.25

U.S. Treasury Bonds

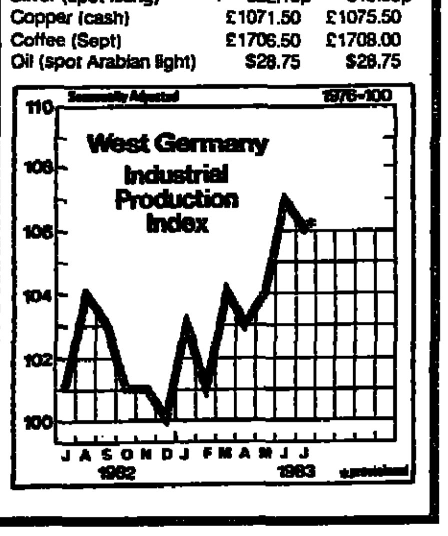
		Sept 5 Price	Sept 5 Yield	Prev Price	Prev Yield
10⅛	1985	99 15/32*	10.98*	99 15/32	10 98
10¾	1990	100 6/32*	10.67*	100 6/32	10.67
11⅞	1993	100 10/32*	11.80*	100 10/32	11.80
12	2013	101 13/32*	11.81*	101 13/32	11.81

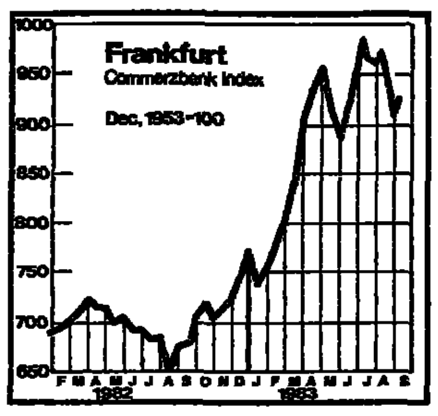
FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
September	69–24	69–27	69–21	69–30
U.S. Treasury Bills (IMM) $1m points of 100%				
December	90.13	90.15	90.12	90.16
Cert Deposit (IMM) $1m points of 100%				
September	90.07	90.14	90.07	90.12
LONDON				
Three-month Eurodollar $1m points of 100%				
September	90.04	90.10	90.03	89.86
20-year Notional Gilt £50,000 32nds of 100%				
September	101–28	102–01	101–28	101–12

COMMODITIES

(London)	Sept 5	Prev
Silver (spot fixing)	822.10p	815.95p
Copper (cash)	£1071.50	£1075.50
Coffee (Sept)	£1706.50	£1708.00
Oil (spot Arabian light)	$28.75	$28.75





EUROPE

U.S. money data cheer Frankfurt

SIGNIFICANT gains were recorded in the larger European bourses yesterday, while the smaller markets closed mostly mixed.

Leading shares maintained their early advances in **Frankfurt** on the back of Wall Street's rise and the drop in U.S. M-1 money supply on Friday. Sentiment was also boosted by static unemployment levels and healthier GNP figures.

Although the new Wella preferred shares will not begin trading for another week, the stock proved so popular at an initial offering price of DM 340 per DM 50 nominal share that sales were halted after the issue was vastly oversubscribed.

Most blue chips gained a couple of D-Marks and the Commerzbank index added 4.7 to 928.3.

Trading slowed in the domestic bond market as dealers prepared for the Bundesbank Council meeting on Thursday and continue to speculate on an increase in the 5 per cent Lombard rate. Bonds saw gains and losses of up to 20 basis points.

An end to recent profit-taking kept prices active in **Paris** where the electrical and food sectors led the rally. Portfolios, stores, constructions and car stocks were also broadly firmer.

Slow trading in **Amsterdam** left stocks mixed to higher with most international issues putting in a poor performance. Heineken fell FL 3.50 to Fl 124.50 on profit-taking, and the market seemed disappointed that the brewer is paying an unchanged interim dividend

Settlement day for recent stock purchases kept prices steady in **Brussels**. Holding company shares were mixed, with Bruxelles Lambert up BFr 50 to BFr 2,350. Sofina, however, dropped BFr 65 to BFr 4,930.

Lacklustre trading kept prices generally steady in a disappointing **Zurich** market. Among the stronger gains, Sandoz rose SwFr 50 to SwFr 6,100, Swiss Aluminium added SwFr 11 to finish at SwFr 826 and Schindler put on SwFr 75 to SwFr 2,525.

Light, unofficial after-bourse trading could not reverse the trend in **Milan** where shares ended the day lower in thin trading.

LONDON

Uncertainty begins to dissipate

A BRIGHTER tone was London's reply to last week's welcome and unexpected contraction in U.S. money growth. The news triggered a late upsurge in U.S. bond values last Friday and yesterday injected much-needed stability into the market after recent uncertainty.

Government stocks outperformed leading shares during official dealings and equities struggled to hold gains of a few pence. Investors were reluctant to commit funds; Wall Street's Labour Day holiday undoubtedly a restricting influence, and the levels of trade in London remained subdued.

In late unofficial dealings, however, leading industrials advanced appreciably and the FT Industrial Ordinary share index, 4.1 higher at 3 pm went sharply better to close 7.4 up on the day at 713.2.

Reasons for the equity strength were hard to find, but it was suggested that UK money growth in August could be a favourable influence. The figures are due today.

The recent surge in Australian mining markets reached boom proportions in London with all the major sectors providing features.

One of the strongest performances by overnight Sydney and Melbourne markets for many weeks combined with persistent talk of a major oil and gas discovery in the Timor Sea, off the coast of the Northern Territory, led to widespread gains.

In diamonds, Ashton Mining raced ahead to close 14p higher at 114p on vague rumours of further diamond discoveries in Western Australia. *Details, Page 23; Share Information Service Pages 24–25.*

WALL STREET

Thrifts rush to take the public way

LAST WEEK saw completion of the conversion of Cartaret Savings and Loan Association from a Federal mutual to a Federal stock association, a step which has been taken by nearly 1,000 of the 3,200 or so U.S. savings and loan associations or thrifts as they are known locally, *writes Terry Byland in New York.*

Cartaret, which rates itself as 23rd largest in the industry, is the 19th thrift to have converted to publicly-quoted ownership this year.

The reason behind this rush to the stock market is no mystery. It has been prompted by the need to rebuild capital bases which were badly battered when the thrifts were caught with loan books filled with low, fixed-interest-rate mortgage loans at a time when U.S. interest rates soared upwards.

The first half of this year proved a highly successful time for public quotations by thrifts. The savings and loan index compiled by A. G. Becker Paribas reached an all-time peak of 292 at the beginning of May (1973=100).

Gains were spectacular among this year's crop of new issues. Shares in Commonwealth Federal soared by 115 per cent between the issue at the beginning of April and the end of June. First Mutual Savings gained 59 per cent over a similar period and Mid-State Federal 36 per cent.

Share prices have levelled off now because investors have recently been taking a less optimistic view of the outlook for interest rates – the thrifts are still regarded as essentially interest-rate-sensitive despite their post-deregulation plans to diversify into other areas of the loan markets.

The advance of the thrift share sector as a whole during the first half can be ascribed to the improvement in its interest rate margins as its cost of funds declined. By the end of June, the industry's cost of funds had fallen to 9.29 per cent, more than 300 basis points down over the twelve months.

But this still leaves open the question of why the new issues have performed so strongly. Becker Paribas suggests that this may be due to a fundamental problem in valuing the newly-quoted shares. The convention has been to price new shares for issue by reference to new net worth – the sum of the net worth of the pre-conversion thrift plus the new dollars paid in for the issued shares. This year's new issues have been priced at around 54 per cent of the new net worth.

The substantial gains in new issues since conversion suggests that investors consider the 54 per cent formula too low in view of the fact that the new shareholders become owners of the full net worth of the former mutual loan association, whose members only retain their stake as owners if they buy the new issue.

WALL STREET was closed yesterday for the Labour Day holiday. Canadian markets were also closed.

Members are given priority as buyers of the new shares and in the case of Cartaret 39 per cent of the 6.2m shares offered were thus taken up.

The longer-term profit outlook for the thrifts rests in part on their efforts to diversify into commercial and consumer loans, joint ventures and real estate on the larger scale.

They have been accused of "making haste slowly" in these directions and it will be some time before profits from outside the traditional domestic housing area begin to affect the pattern of the industry.

HONG KONG

A TECHNICALLY weak market in Hong Kong was pushed lower yesterday under the strength of the U.S. dollar compared with the local currency and the taking to heart by investors of recent Chinese political rumblings over the fate of the British colony.

The Hang Seng index buffeted the early pressures but succumbed to close 22.4 lower at 928.14.

The equity losses were, however, moderate. Swire Pacific "A" lost 60 cents to HK$13.50, Jardine Matheson fell 40 cents to HK$12.30, as did Cheung Kong at HK$7.30

Banks were mixed with Overseas Trust Bank unchanged at HK$3.67, but Hongkong and Shanghai Banking closed 10 cents lower at HK$7.60 whereas Hang Seng Bank was trimmed HK$1.25 to finish at HK$40.75.

AUSTRALIA

RESOURCES were the main attraction in Sydney trading yesterday with the Oil and Gas index showing a 23.1 rise to 743.7 on the strength of last week's BHP announcement of an oil discovery off the Northern Territory coast. Gains were also recorded by diamond mining issues.

BHP closed up 20 cents at A$12.35 while Santos gained 24 cents to A$8.40, Vamgas was ahead 26 cents at A$4.36, and Woodside was 6 cents firmer at A$1.42.

The All Ordinaries index rose to a two-year peak of 723.2, a rise of 8.7 on the pre-weekend close, and the All Industrial index was 5.6 ahead at 864.

SINGAPORE

CAUTION underlined light turnover on the Singapore exchange yesterday as dealers reacted to lower corporate results from members of the Sime Darby group.

The Straits Times industrial index ended the session 9.07 off at 969.39, having shed 8.41 by mid-session. Banks were mixed, properties and shipyards were generally lower.

Stockbrokers Tsang and Ong gauged the market with improved showings anticipated for construction and insurance companies, but lower profits expected from trading houses, retailers, hotels and marine associated operations.

Sime Darby fell two cents to S$2.28 on the news of a 47 per cent drop in profits.

SOUTH AFRICA

GOLD shares were firm in generally quiet **Johannesburg** trading yesterday. Heavyweight ERPM added R1 to close at R23 while Buffels gained 50 cents to R72.50, and lightweight Village was particularly popular, adding 22 cents to R1.95.

Diamond share De Beers was unchanged at R10.90 with platinums mixed. Rustenburg gained 10 cents to R14.30.

Mining financials were generally steady and industrial share issues ended mixed with a firmer bias.

WORLD STOCK MARKETS

CANADA

Stock	Sept. 2	Sept. 1
AMCA Intl.	23¼	23
Abitibi.	24½	24⅝
Agnico Eagle	20	20
Alberta Energy	19½	19½
Alcan Aluminium	48	48¼
Algoma Steel	29½	29½
Asbestos	11¼	11¼
Bk. Montreal.	28	29⅝
Bk. Nova Scotia	41⅝	41¾
Bell Canada	29	29¼
Bombardier	13¾	13¼
Bow Valley	27¼	26¾
BP Canada Res.	23¼	23
Brascan A.	36¼	37¼
Brinco.	3.55	3.50
B.C. Forest.	11¼	11¼
CIL Inc.	28	28
Cadillac Fairview.	9	9
Can Cement.	13⅞	13¼
Can NW Energy.	27½	27
Can Packers	24¼	24¼
Can Trustco.	43½	43¼
Can Imp Bank.	33½	33½
Can Pacific	45½	45
Can. Pac. Ents.	22¼	21¾
Can Tire.	61	61
Carling O'Kfe.	23⅜	22
Chieftain	27	26¼
Cominco.	62	60½
Cons Bathst A.	22¼	22½
Copper Lake	3.90	3.80
Coseka Res	4.10	4.10
Costain	10	10½
Daon Devel	1.90	1.85
Denison Mines.	48⅜	48⅝
Dofcosa.	50¼	50¼
Dome Mines	21	21¼
Dome Petroleum	5⅝	5½
Dom Stores	20¼	19½
Domtar	27½	27¼
Falconbrge Ltd	80	79
Genstar	28¼	28
Giant Y'knife	28¼	28¼
Gt West Life	2.25	2.25
Gulf Canada	19½	19½
Gulf Stream Res.	1.35	1.35
Hawk Sid. Can	16½	16⅜
Hudson's Bay	23¼	23⅜
Husky Oil	11½	11⅜
Imasco	33	32¾
Imp Oil A.	39½	39¼
Inco	21	20⅝
Indal	10½	10½
Inter Pipe	30¼	29⅝
Lac Minerals	37¼	37⅛
Mac Bloedel.	27¼	27⅜
Marks & Spencer	14	13⅞
Massey Ferg.	6	6
McIntyre Mines.	41	41
Mitel Corp.	16⅝	16½
Moore Corp.	55½	55
Nat. Sea Prods A	8⅝	8⅝
Noranda Mine.	27⅜	27½
Nthn. Telecom	52	50¼
Nova Alberta.	7⅝	7⅝
Oakwood Pet.	12	12
Pacific Copper	0.99	0.94
Pan Can. Pet.	27	26⅛

Indices

NEW YORK

DOW JONES

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هكذا من الأصل

LONDON STOCK EXCHANGE

MARKET REPORT

U.S. money figures inject much-needed stability into markets and index rises 7.4 to 713.2

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug 15	Sept 1	Sept 2	Sept 12
Sept 5	Sept 15	Sept 16	Sept 26
Sept 19	Sept 29	Sept 30	Oct 10

*" New-time " dealings may take place from 9.30 am two business days earlier.

A brighter tone was the London stock market's reply to last week's welcome and unexpected contraction in U.S. money growth, which brought the basic measure, M1, back into the target range. The news triggered a late upsurge in U.S. bond values late last Friday and yesterday injected much-needed stability into London markets after the recent uncertain spell.

Government stocks outperformed equities during official dealings but the latter came into their own after the official close. Leading shares struggled throughout normal trading to hold gains of a few pence because investors were reluctant to commit funds; Wall Street's Labor day holiday was undoubtedly a restricting influence, and the level of trade in London remained subdued.

In unofficial dealings, however, leading industrials advanced appreciably and the FT Industrial Ordinary share index, 4.1 higher at 3.00 pm, closed 7.4 up on the day at 713.2; five index constituents went ex-dividend yesterday, the combined deductions accounting for nearly two points.

Reasons for the late equity strength were hard to find, but it was suggested that UK money figures in August might be a favourable influence; the figures are due today. Speculative and situation stocks became popular with Irish Sea oil hopefuls advancing strongly as Account settlement worries faded.

Light investment demand in markets lacking sellers took Government securities higher. Longer-dated Gilts made the largest gains, ranging to ⅜ in some high-coupon stocks. The shorts were rarely more than ⅛ dearer, while index-linked issues were similarly higher.

Home banks dull

The major clearing banks encountered small selling on revived worries about a possible windfall profits tax but with the exception of Barclays, 10 down at 460p, closed above the worst. Lloyds finished 7 lower at 488p, after 485p. Among Hire Purchases, Provident Financial firmed 2 to 148p awaiting today's interim results.

Dull in the latter half of last week following GRE's disappointing interim figures which sparked fears of a premium price-war in motor business, Composite Insurances made a steadier showing ahead of further important trading statements due this week. Phoenix and Sun Alliance, both reporting tomorrow, held at 314p and £12¼ respectively. Royals hardened a couple of pence to 505p following the acquisition of a privately-owned Spanish insurance company for £2.25m. Life issues made progress in places. Prudential firmed 8 to 478p; the half-yearly results are due on Thursday. Liberty Life rose 1½ points to a 1983 peak of £34½; the price in recent issues was incorrect.

Investment management concern Ivory and Sime staged a disappointing market debut; expected to open at around 70p, the shares started at 62p and finished at 56p. Yesterday also saw the start of dealings in Personal Assets Trust, managed by Ivory and Sime; the shares opened and closed at 33p, after 35p.

Building issues made an irregular showing. Buying in front of today's half-timer lifted Wilson (Connolly) 6 to a 1983 peak of 194p, while Bryant firmed 2 to 57p following a Press mention. Unsettled in the latter half of last week on the chairman's decision to resign due to ill-health, Burnett and Hallamshire rallied 8 to 343p. Derek Crouch shed 4 to 63p on lack of interest.

ICI failed to participate in the late upturn and the close was unchanged on the day at 542p. Laporte found fresh support and put on 10 to 312p, while Croda International firmed 2 to 110p awaiting today's half-year results.

Selincourt active

Leading Stores opened the new Account on a none-too-encouraging note with the continuing absence of investment support resulting in few changes worthy of mention, although dealers reported a firm undertone and indications of prices firming in the after-hours' trading. Marks and Spencer closed 5 better at 210p. Secondary counters also lacked impetus, although favourable weekend Press comment prompted a couple of useful gains; suggestions that Mr Asil Nadir is taking an interest in the company lifted Selincourt to 18½p in a brisk trade before the shares settled a net 1½ to the good at 17½p. In contrast, Press-inspired profit-taking clipped 25 from last week's speculative high-flyer Elys (Wimbledon), 245p, while Kraft Productions, dealings in which were resumed last Friday after a three-week suspension and made spectacular progress following takeover proposals, also reacted sharply and, falling to 180p before rallying with the aid of call option business to close a net 35 cheaper at 215p.

Talk of a broker's profits upgrading left Thorn EMI 15 to the good at 615p; the company's annual meeting is due to take place on Friday. Among the other Electrical leaders, Plessey found support and put on 5 to 196p and GEC ended a shade better at 207p. Adverse comment prompted a drop of 44 to 250p in Security Centres, while AB Electronic, also the subject of adverse mention, fell 30 to 770p.

Leading Engineers passed a quiet trading session but were inclined harder. Among the occasional movements elsewhere in the sector, Simon Engineering closed 10 lower at 385p following the half-yearly results. Press mention left Spencer Clark 4 to the good at 28p.

Food Retailers made another firm showing reflecting Asda's recent good results and the encouraging tenor of the broker's seminar at Tesco. Asda firmed 4 to 172p xd and Tesco gained 3 to 165p. Nurdin and Peacock attracted support in front of today's interim results and put on 8 to 150p. Against the trend, Cullen's "A" shed 7 to a 1983 low of 155p. Food Manufacturers featured United Biscuits which firmed 4 to 152p; the half-year results are due next week. Glass Glover, following Press comment, gained 10 to 215p.

Up 23 last Friday on expansion hopes, Kennedey Brookes, dealt in the Unlisted Securities Market, rose 5 more to 243p following the agreement with Electricity Supply Nominees to develop catering rights to the Trocadero site close to Piccadilly Circus.

Hoover A up again

Hoover "A" continued to make headway at 220p, up 10, awaiting news of the bid discussions with the U.S. parent company. Last Friday's late announcement of the Dragon Data rescue package prompted a rally of 5 to 13p in Mettoy. Other computer shares, however, remained unsettled. Fobel reacted 6 more to 82p, while Cifer gave up 12 to 158p and Immediate Business Systems 5 to 158p. Satisfactory interim results left EIS 5 to the good at 135p, but Royal Worcester eased 7 to 243p in front of today's half-year statement.

Dominion International firmed 8 to 126p on hopes of a flotation for its subsidiary Planned Savings, while British Aerospace hardened 4 to 178p on the Ministry of Defence contracts for the Rapier anti-aircraft missile system. Hanson Trust encountered support and put on 4 to 218p and Sharna Ware were noteworthy for a rise of 7 to 80p. Inter-City were a relatively lively market, but closed unaltered at 93p. Leading miscellaneous industrials finished the day on a firm note. Buyers showed occasional interest in BTR, up 11 at 543p ahead of next week's interim results.

BL continued to make progress, rising 3 to a 1983 peak of 81p, on persisting hopes that holders will receive preferential treatment in the event of the privatisation of profitable divisions. Elsewhere, Press comment aided British Car Auction, 5 better at 192p.

Interim results from British Printing and Communication were much as anticipated and the close was unchanged at 113p; John Waddington rallied 7 to 263p, still 31 below the former's offer which closes tomorrow.

Properties attracted small buying and closed with modest gains. In front of Thursday's preliminary results, Estate Property Investment hardened 4 to 134p. M. P. Kent hardened 2 to 40p following option business and recently dull Espley-Tyas rallied 5 to 78p. Smaller-priced issues to attract interest included Edenspring, 1½ higher at 14½p. Charles Booth, 2 dearer at 20p and Berkeley and Hay Hill, a penny firmer at 11p.

Imperial Group, the subject of a broker's bullish circular late last week, rose 4 to 114p amid vague rumours of a possible bid approach from Philip Morris of the U.S. Bats rose 7 to 145p, while Rothmans added 3 at 111p.

Financials featured Exco which advanced 25 to 538p awaiting today's interim results. R. P. Martin firmed 5 to 250p in sympathy. Elsewhere, call option activity helped to lift Yelverton 3 to 81p.

Oils firm late

A late flurry of activity in Oils left quotations with some useful gains. Shell finished 6 to the good at 616p in the leaders, while BP ended only 3 cheaper at 426p xd, after 422p xd. Burmah rose 8 to 182p, while weekend Press comment suggesting a possible bid from Rio Tinto-Zinc directed buying attention to Tricentrol which advanced 16 to 232p. Irish Oils maintained the recent recovery movement, Atlantic Resources rising 45 to 395p and Aran 4 to 50p. Elsewhere, Cluff rose 8 to 78p on news of the Chinese petroleum contract.

Among Overseas Traders, Tozer Kemsley and Millbourn responded to hopes of a new bank financing plan and, with the aid of call option business, gained 3 to 30p, after 31p.

Plantations again provided a couple of noteworthy movements. Consolidated Plantations eased 2½ to 89p following the reduced dividend and lower annual profits; the Warrants finished 9 off at 276p. Baraoora Tea, which announced last week that bid talks were in progress, reacted to profit-taking and gave up 10 to 140p.

The recent surge in Australian mining markets reached boom proportions in London yesterday with all the major sectors of "Down-under" market providing features.

One of the strongest performances by overnight Sydney and Melbourne markets for many weeks, persistent talks of a major oil and gas discovery in the Timor Sea, off the coast of the Northern Territory, and a much better outlook for precious metal prices in view of increasing international tension all led to widespread gains.

Among the Gold issues, Poseidon attracted heavy overnight domestic buying, which followed through into London, and the price jumped 30 to 395p while recent favourite North Kalgurli rose 8 to a 1983 high of 90p and its major shareholder Metals Exploration put on 6 to a year's best of 58p. Whim Creek moved up 8 to 186p.

In the speculative stocks, Jones Mining responded to sizeable London interest and jumped 25 to a 1983 high of 68p.

In Diamonds, Ashton Mining raced ahead to close 14 higher at 114p on vague rumours of further diamond discoveries in Western Australia.

Elsewhere, Aberfoyle were a feature, rising 15 to 545p on further consideration of the recent base-metal discoveries adjacent to the Que River mine in Tasmania.

CRA put on 5 to 360p, boosted by the rumours of new diamond finds by the Ashton consortium, while Bond Corporation added 6 to a 1983 high of 75p on news of an oil discovery off Barrow Island.

Business in South African Golds and Financials was stifled by the closure of American markets for the Labor Day holiday but most issues made small progress boosted by the firmer bullion price — $1.75 firmer at $419.375 an ounce. In Financials, "Johnnies" rose a point to £92½ and "Amgold" ½ to £84¼.

London issues were highlighted by Gold Fields, which jumped 20 to 620p owing to speculative demand.

Business in Traded Options remained disappointing, only 1,456 contracts being struck. Calls totalled 1,140, a fair proportion of which were done in Commercial Union which reflected the current dividend season among Insurances and recorded 404 calls with 300 transacted in the January 180's.

FINANCIAL TIMES STOCK INDICES

	Sept. 5	Sept. 2	Sept. 1	Aug. 31	Aug. 30	Aug. 26	year ago
Government Secs.	79.63	79.45	79.51	79.23	79.41	79.60	78.76
Fixed Interest	82.16	82.27	82.19	82.28	82.40	82.44	78.91
Industrial Ord.	713.2	705.8	708.6	707.4	716.3	723.1	593.9
Gold Mines	682.3	679.8	672.5	678.9	685.8	678.5	369.2
Ord. Div. Yield	4.74	4.79	4.73	4.75	4.70	4.68	4.97
Earnings, Yld.% (full)	9.56	9.65	9.59	9.62	9.52	9.49	10.72
P/E Ratio (net) (*)	15.02	12.89	12.99	12.94	13.08	13.13	11.25
Total bargains.	20,005	20,646	20,546	17,157	17,067	18,578	22,059
Equity turnover £m.	—	209.45	175.36	163.54	135.32	148.87	200.09
Equity bargains	—	19,890	17,153	16,797	15,706	14,647	18,946
Shares traded (ml)	—	148.5	131.3	115.3	96.1	102.4	131.0

10 am 708.2. 11 am 708.4. Noon 709.2. 1 pm 709.6. 2 pm 709.9. 3 pm 709.9.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/58. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.30.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.60 (15/6)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.74 (13/8)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	740.4 (22/8)	598.4 (12/1)	740.4 (22/8/83)	49.4 (26/6/40)
Gold Mines.	734.7 (15/2)	531.5 (28/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 2	Sept. 1
—Daily Gilt Edged Bargains	113.8	128.8
Equities Bargains	128.9	111.1
Value	425.3	356.5
5-day Avrge Gilt-Edged Bargains	123.4	125.7
Equities Bargains	109.1	102.9
Value	337.0	322.9

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (59)

COM'WEALTH & AFRICAN LOAN (1)
Aust. 6pc 1981-83

CANADIANS (3)
Greenwich Res. Inco
Imperial Oil

BANKS (2)
ANZ Nat. Comm. Bk. Aust

BREWERS (1)
Clark (Matthew)

BUILDINGS (1)
Wilson (Connolly)

CHEMICALS (2)
Hoechst Fin. 10pc Uns. Ln. Novo Inds. A/S B

STORES (1)
Selincourt

ELECTRICALS (4)
C.A.S.E. Microfilm Reprgrphs.
Energy Services Perkin-Elmer 4pc Ln

FOODS (3)
Tesco 5pc Cnv. Uns. Ln. 2002-07 Hillards

HOTELS (2)
Kennedy Brookes Savoy A

INDUSTRIALS (11)
B.H. Prop. Jenks & Cattell
Canning (W.) MCD Group
Cope Allman Marling Inds.
Elson & Robbins Simpson (S.) A
Hoover A Sonesson (W.) AB
Intereurope Tech.

INSURANCE (1)
Liberty Life SA

MOTORS (1)
BL

NEWSPAPERS (4)
Assoc. Book Pubs. Int. Thomson
Bristol Post News Int. Spec. Div.

PAPERS (3)
Bunzl Watmoughs
Good Relations

TRUSTS (2)
N. Brit. Canadian Ex-Lands

OILS (5)
Claremont Pet. Santos
Cluff Oil Woodside
Hunting Petroleum

MINES (12)
Southvaal Mincorp
Vaal Reefs North Kalgurli
Bond Corp. Whim Creek
Crusader Oil Colby Res. Corp.
Kitchener Highwood Res.
Metals Ex. Tara Expln.

NEW LOWS (19)

CANADIANS (1)
Barrick Res. Corp.

BREWERS (1)
Boddingtons

BUILDINGS (2)
BPB Inds. Maunders (J.)

CHEMICALS (1)
Coates Bros. A N-V

ELECTRICALS (5)
Black (M.) FKI Elect.
CPU Computers Immed. Bus. Systems
Eurotherm Intl.

FOODS (3)
Clifford's Dairies "A N-V" Home Farm

LEISURE (1)
Adam Leisure

MOTORS (1)
Davis (Godfrey)

NEWSPAPERS (1)
Sharpe (W. N.)

PROPERTY (1)
H.K. Land

OILS (1)
Weeks (Bermuda)

MINES (1)
Admiral Mines

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	88	1	11
Corpn. Dom. & Foreign Bonds	22	4	50
Industrials	311	221	838
Financial & Props.	92	59	366
Oils	33	20	59
Plantations	1	4	16
Mines	78	27	58
Others	53	69	76
Totals	678	405	1,474

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri's close	Day's change
Inter-City Inv.	43	93	+12
Kraft Prods.	28	250	+65
Mettoy	26	8	−9
Hoover A	22	210	+50
Ednspring Inv.	19	13	+0½
Fobel Intl.	19	88	−12
Sunlight Servs.	19	215	+23
Boots	17	165	−3
Wearwell	17	87	+5
Belgrve (B'hth)	16	123	+18
TACE	16	154	—
Barrie Invs.	15	513	+5
GEC	15	206	+1

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
§115	F.P.	14/9	152	130	✠Aaronite Group	140	−5	bd2.5	2.2	2.6	25.5
450	F.P.	4/8	127	93	✠Biomechanics I'tl0p	95	−5	—	—	—	—
¶200	F.P.	26/8	250	200	DPCE Hldgs 5p	240	+2	b2.0	5.6	1.2	51.5
¶¶	F.P.	—	325	160	Dollonds Photo 12½p	270	.....	—	—	—	—
§100	F.P.	5/8	120	110	✠Gee (C.) 10p	119	.....	u2.1	2.5	2.5	22.2
¶190	F.P.	12/8	204	180	Gent (S.R.) 10p	184	.....	b3.0	3.1	2.3	15.2
§171½	F.P.	12/8	24	20	✠GilbertH'usalnvs10p	21	.....	—	—	—	—
375	F.P.	5/8	372	342	Henderson Admin.	335	−8	u6.0	2.9	2.6	18.0
¶125	F.P.	—	168	154	Int. Signal & Control A	158	.....	u02c	4.0	0.9	29.3
¶¶	F.P.	—	62	55	Ivory & Sime 0.1p	56	.....	u0.25	11.8	0.6	18.0
§190	F.P.	15/8	235	185	✠Invent Energy	227	.....	—	—	—	—
§115	F.P.	5/8	123	106	✠KLP Group 5p	116	.....	g1.6	2.7	2.0	25.6
=	F.P.	5/9	31	25	✠Metal Sciences 2½p	29	+2	—	—	—	—
95	F.P.	12/8	94	88	Park Food 10p	90	+2	u3.0	2.0	4.8	15.3
§210	F.P.	9/9	214	195	Peel Hldgs	196	.....	bd7.35	1.2	5.3	20.6
¶¶	F.P.	—	34	32	P'sonal AssetsTst 12½p	33	.....	—	—	—	—
§111	F.P.	26/8	254	165	✠P'lyt'chnicM'rine5p	254	.....	ud2.0	1.9	1.1	—
¢25	F.P.	9/9	30	26	✠Promotions H'se 5p	28	−1	b0.7	1.0	3.6	29.0
§205	F.P.	4/8	254	195	✠Rayford Supreme	240	.....	b4.9	7.0	2.9	12.5
§148	F.P.	—	190	158	✠Real Time C'trol 5p	178	+3	u2.0	3.0	1.6	40.0
85	F.P.	16/9	120	97	✠SCUSA Inc. $0.01	105	−5	b8.05c	4.4	1.0	25.9
§85	F.P.	19/8	93	89	✠Sthn. Bus. Leas. 10p	87	−2	bg1.75	3.2	2.9	12.1
10	F.P.	24/6	18½	14	✠Sunleigh Elect. 10p	15½	−1	g0.35	1.8	3.2	24.9
100	F.P.	2/9	86	78	✠Tech. for Bus. 10p	78	.....	b4.2	5.0	7.7	10.9
85	F.P.	15/9	90	85	✠Thermal Scientific	88	.....	b2.3	2.8	3.7	13.8
¶	F.P.	23/9	18	16	Yorks&Lancs Inv. W's	16	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −
92.96	£25	29/11	25½	22	Allied-Lyons 11¼% Deb 2009	24¼	.....
‖	F.P.	18/7	100½	90	Allied Plant 10% Cnv Uns Ln 85/86	90	+5
¶¶	F.P.	—	129	107	Atlantic Met'n (UK) 12% UL 91/97	107	.....
—	£20	28/10	23¾	18	Bristol 11½% Red. 2008	19½	+¼
—	F.P.	26/8	101½	95	Brixton Est 11¼% Deb 2018	98½xd	+½
96.95	£25	21/10	25	22½	C.C.C. Economic 12¼% Gtd. Ln. 2013	24¼	+¼
99.75	£30	—	32½	30¼	Cigna Overseas Finance 15% Ln. 2008	32½	+½
99.75	F.P.	26/8	105½	101½	Ecclesiastical 13% Deb 2018	105½	+¾
‖	F.P.	22/8	112	104	Evode 8% Cnv Uns Ln 2003/08	112	.....
¶¶	F.P.	15/7	127p	122p	Extel 10½% Cum Pref	123p	.....
100p	F.P.	9/9	103p	101p	✠FKI 7% Red Cnv Pref	102p	.....
‖	Nil	—	3½pm	1pm	Fleming Am. Inv Tst 7% Cnv Uns Ln 99	1½pm	.....
**	F.P.	—	105p	101p	Fuller, Smith & Turner 8% 2nd Cm. Prf	102p	.....
1	F.P.	12/8	112	102	Hewden-Stuart 10% Cnv Uns Ln '03/08	111	.....
¶100p	25p	9/12	31½p	25p	LASMO 9¾% Cum Red Pref	30¼p	.....
—	—	—	100	99½	Nationwide 10¼% Bds 9/7/84	99½	.....
—	—	—	100⅛	99¾	Do 10⅞% Bds 30/7/84	99⅞	.....
—	—	—	100¼	100⅛	Do 11¼% Bds 20/8/84	100⅛	.....
100	—	—	100⅛	100	Do 11% Bds 3/9/84	100⅛	.....
§100	F.P.	—	98	92	Oldham 11¼% Red 2010	93½	+½
§98.579	£25	31/8	98	93½	Trafford Park Est. 11¾% 2007/11	95½xd	+1½
97.941	£25	14/10	25½	23¼	Transport Dev 12½% Uns Ln 2008	25¼	+½
99.896	£25	20/9	29¾	24½	Watn'yM nn&Trum'n12½% Red.Deb.2008	26½	+¼
103.5	—	—	102p	99½p	Weir 10% Red Cum Pref	101p	.....
99.124	£25	25/10	25½	23¾	Westland 12⅝% Deb 2008	25½	+½
¶¶	F.P.	23/9	103½	100	Yorks & Lancs Inv 13⅛% Deb 2003	103½	+½

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −
12	F.P.	— 9/9	25	18	Abaco Invs. 5p	18½	.....
33	F.P.	— 9/9	38	34	Assoc. British Eng'g 12½p	35	.....
63	F.P.	1/8 16/9	115	84	Brengreen 10p	103	+1
48	Nil	— —	¾pm	½pm	Cambrian & Gen. Sec.	¼pm	.....
65	Nil	— —	3pm	1½pm	" " Cap. 7½p	1½pm	.....
48	Nil	— —	7pm	2½pm	Chamberlain Phipps 10p	2½pm	−½
25	F.P.	— 14/9	30½	28	Crowther (J.)	30	.....
175	F.P.	— 9/9	197	185	Dixons Grp 10p	188	+5
200	F.P.	— 25/8	242½	230	Emess Lighting	230	.....
10	F.P.	— 9/9	13	11	First Charlotte Assets Tst 5p	11	−½
34	Nil	— 16/9	38	33	✠First Talisman Inv. 20p	34	.....
78	F.P.	8/8 16/9	121	112	Fleet Holdings 20p	121	+1
82	Nil	— —	7pm	6pm	✠Floyd Oil 10p	7pm	.....
40	Nil	— 14/10	20pm	11pm	Group Lotus Car 10p	11pm	−1
120	F.P.	— 6/9	131	118	H.A.T. Group 10p	118	.....
R3.80	Nil	— —	5pm	3pm	Imperial Cold Storage 25c	3pm	.....
350	F.P.	— 28/9	455	425	Midland Bank £1	428	−5
80	Nil	— —	5pm	1½pm	Nesco Invs.	3pm	.....
20p	F.P.	— —	26	24	Parkdale 10p	26	.....
10	Nil	— —	2½pm	1¼pm	✠Sheraton Secs. 10p	1½pm	.....
95	F.P.	— 14/10	142	126	Steinberg 10p	141	−1
175	F.P.	— 30/9	240	215	Unitech 10p	213	−2
§100	Nil	— 16/9	125pm	102pm	United Parcels 10p	118pm	.....
§180	Nil	— —	53pm	50pm	✠Webber Electro 12½p	50pm	−2
$US1.72	Nil	— —	75pm	65pm	Weeks (B'muda) 10cts	75pm	.....
$US1.72	Nil	— —	90pm	80pm	Do. (Prefd.) Aust.	90pm	.....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ⊕ Figures or report awaited. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. † Effective issue price after scrip. † Formerly dealt in under special rule.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 22	Sept 9	Nov 24	Dec 5
Sept 12	Sept 23	Dec 8	Dec 19
Sept 26	Oct 7	Dec 22	Jan 3

For rate indications see end of Share Information Service

Demand for Options improved and calls were arranged in Combined Technology, Sun Oil Royalties, Thomas Borthwick, Eglington, Exco International, Bambers, Smith St. Aubyn, Imps, Hanson Trust, Jefferson Smurfitt, London Merchant Securities, Selincourt, Cultus Pacific, Yelverton, Tozer Kemsley and Millbourn, Sound Difussion, North Kalgurli, United Biscuits, Kraft Productions, Mettoy, John Brown, Pan Pacific Petroleum, Phoenix Properties, Queen Margaret Mines, Barrie Investments, Armstrong Equipment, Hampton Trust, Illingworth Morris A, Weeks Australia and Premier Oil. Puts were transacted in Combined Technology, Mettoy and Audiotronic. No doubles were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Aran Energy	50	+4
Ashton Mining	114	+14
Atlantic Res.	395	+45
Barclays Bank	460	−10
Cons. Gold Fields	620	+20
Inter-City Inv.	93	—
Jones Mining	68	+25
London Brick	86xd	+2
Mettoy	13	+5
North Kalgurli	90	+8
Prudential	478	+8
Selincourt	17½	+1½

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Sept 5 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Sept 2 Index No.	Thur Sept 1 Index No.	Wed Aug 31 Index No.	Tues Aug 30 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (207)	460.75	+0.4	8.89	3.85	14.49	458.71	460.44	460.81	466.42	425.90
2	Building Materials (23)	421.49	−0.3	10.78	4.75	11.64	422.88	427.43	426.28	430.94	350.08
3	Contracting, Construction (30)	718.29	+0.9	12.40	4.79	10.02	711.71	720.82	724.48	726.83	649.08
4	Electricals (36)	1705.56	+0.4	7.82	2.57	16.59	1699.32	1698.87	1699.70	1729.41	1709.55
5	Engineering Contractors (10)	468.83	−0.6	14.37	5.94	8.65	471.80	474.56	473.82	475.44	488.26
6	Mechanical Engineering (64)	200.28	+0.9	11.93	5.54	10.50	198.53	199.69	200.45	201.69	218.68
8	Metals and Metal Forming (10)	179.18	−0.5	10.33	6.55	11.77	180.16	180.53	179.15	180.88	154.68
9	Motors (18)	116.51	+0.8	—	4.92	—	115.54	116.51	116.40	117.80	83.59
10	Other Industrial Materials (16)	538.43	+1.4	5.42	4.11	24.36	531.22	531.67	533.45	538.34	359.18
21	CONSUMER GROUP (199)	434.99	+1.1	10.40	4.43	11.79	430.21	433.04	430.52	435.09	348.22
22	Brewers and Distillers (23)	450.06	+0.2	12.44	5.05	10.03	449.06	452.28	450.46	453.97	387.83
25	Food Manufacturing (22)	333.90	+0.3	13.59	5.95	8.62	332.76	334.67	334.75	338.04	291.88
26	Food Retailing (13)	955.90	+1.4	7.03	2.66	18.43	943.04	942.04	929.89	928.05	744.80
27	Health and Household Products (8)	786.05	+1.4	5.64	2.73	21.10	775.25	782.28	777.98	787.89	540.55
29	Leisure (22)	580.85	+0.7	8.80	4.69	14.66	576.63	579.71	574.21	577.52	445.87
32	Newspapers, Publishing (14)	974.73	−0.2	8.41	3.39	14.53	976.33	978.47	963.50	963.47	529.56
33	Packaging and Paper (14)	188.09	+0.1	11.83	5.38	10.27	187.83	187.79	187.82	188.07	143.73
34	Stores (48)	389.35	+1.3	8.11	3.83	16.71	384.19	388.34	385.16	390.18	313.98
35	Textiles (22)	211.16	+0.1	11.86	5.43	10.08	210.91	211.65	213.54	215.53	163.36
36	Tobaccos (3)	420.70	+4.6	23.54	7.39	4.76	402.32	405.29	403.12	416.35	309.73
39	Other Consumer (10)	438.16	+0.1	5.51	3.38	—	437.78	423.29	418.87	417.64	268.97
41	OTHER GROUPS (79)	385.97	+0.5	8.18	4.43	15.63	384.23	387.17	386.40	390.71	267.62
42	Chemicals (15)	535.17	+0.3	8.45	4.72	15.49	533.82	535.62	537.21	545.33	344.38
44	Office Equipment (6)	109.01	+0.6	8.80	4.71	14.51	108.38	111.34	111.15	112.19	105.48
45	Shipping and Transport (15)	709.15	−0.4	6.97	5.73	20.64	712.00	714.30	715.85	719.43	562.11
46	Miscellaneous (43)	523.97	+0.8	7.96	3.85	15.88	519.79	525.20	521.31	526.07	363.58
49	INDUSTRIAL GROUP (485)	440.28	+0.8	9.54	4.24	13.10	436.80	439.34	438.02	442.93	363.32
51	Oils (15)	1025.84	−0.4	18.99	5.78	11.05	1029.82	1031.58	1028.83	1032.73	747.74
59	500 SHARE INDEX	489.35	+0.6	9.88	4.51	12.68	486.54	489.09	487.58	492.47	394.76
61	FINANCIAL GROUP (123)	330.62	+0.1	—	5.76	—	330.28	330.92	330.98	333.18	255.09
62	Banks (6)	344.17	−1.3	24.84	7.40	4.40	348.54	349.75	347.42	348.59	259.39
63	Discount Houses (8)	296.50	—	—	9.13	—	296.50	297.44	296.97	297.19	283.40
65	Insurance (Life) (9)	482.71	+1.1	—	4.55	—	477.65	477.78	475.92	479.97	295.83
66	Insurance (Composite) (10)	222.96	+0.2	—	6.80	—	222.46	223.15	225.82	228.94	166.47
67	Insurance Brokers (7)	560.28	+2.3	11.83	5.33	11.69	547.94	550.19	550.54	553.64	513.98
68	Merchant Banks (13)	205.43	—	—	4.43	—	205.54	207.61	208.25	206.74	144.91
69	Property (53)	452.97	+0.6	6.23	4.12	21.56	450.08	450.19	449.31	453.25	429.02
70	Other Financial (17)	239.81	−0.1	11.26	5.56	10.70	239.98	239.98	240.28	240.05	168.81
71	Investment Trusts (108)	441.52	—	—	4.02	—	441.59	443.02	443.31	445.77	315.40
81	Mining Finance (4)	325.46	+2.2	5.74	4.49	22.38	318.44	321.87	321.57	325.60	232.90
91	Overseas Traders (15)	490.60	+0.2	7.34	7.62	20.87	489.63	489.60	492.80	495.84	377.61
99	ALL-SHARE INDEX (750)	451.51	+0.5	—	4.72	—	449.23	451.35	450.36	454.52	358.02

FIXED INTEREST

	PRICE INDICES	Mon Sept 5	Day's change %	Fri Sept 2	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	115.86	+0.15	115.68	—	7.45
2	5-15 years	126.63	+0.30	126.25	—	9.34
3	Over 15 years	135.09	+0.48	134.44	—	10.29
4	Irredeemables	146.39	+0.31	145.93	—	8.90
5	All Stocks	125.78	+0.30	125.40	—	9.02
6	Debentures and Loans	102.87	+0.28	102.26	0.48	7.41
7	Preference	76.32	−0.19	76.68	0.22	5.01

	AVERAGE GROSS REDEMPTION YIELDS		Mon Sept 5	Fri Sept 2	Year ago (approx)
	British Government				
1	Low Coupons	5 years	10.15	10.18	9.82
2		15 years	10.59	10.64	10.58
3		25 years	10.21	10.26	10.74
4	Medium Coupons	5 years	11.82	11.87	11.24
5		15 years	11.31	11.37	11.52
6		25 years	10.67	10.75	11.02
7	High Coupons	5 years	11.89	11.95	11.36
8		15 years	11.51	11.57	11.73
9		25 years	10.75	10.81	11.21
10	Irredeemables†		10.10	10.13	10.67
11	Debs & Loans	5 years	12.21	12.45	12.58
12		15 years	12.43	12.35	12.58
13		25 years	12.44	12.27	12.58
14	Preference†		12.93	12.86	13.65

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.
CONSTITUENT CHANGES: Huntleigh Group (10) and Broadstone Investment Trusts (71) have been deleted and replaced by Oceonics

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$425	15	16	—	—	1	42	$419.50
GOLD C	$450	25	7.80	11	16.50	2	27	"
GOLD C	$475	25	4.80	—	—	—	—	"
GOLD C	$500	15	2.70	—	—	—	—	"
GOLD P	$400	2	4.60	—	—	—	—	"
GOLD P	$425	—	—	—	—	1	22	"
		Sept.		Dec.		March		
SILV C	$10	1	2.50	1	2.70	—	—	$12.36
SILV C	$11	—	—	—	—	101	2.30	"
SILV C	$12	5	0.40	2	1.30	—	—	"
SILV C	$13	—	—	—	—	21	1.20	"
SILV C	$14	—	—	5	0.30	—	—	"
		Oct.		Jan.		Apr.		
AKZO C	F.60	4	14.50	—	—	—	—	F.74.10
AKZO C	F.65	55	9.80	12	13	—	—	"
AKZO C	F.70	51	7	7	10	155	13.20	"
AKZO C	F.80	126	2.10	54	5.50	3	7.20 B	"
AKZO P	F.70	2	1.40	17	3.60	—	—	"
AKZO P	F.80	22	7.80	16	8.30	—	—	"
HEIN C	F.120	64	6.50	—	—	—	—	F.124.20
HEIN C	F.130	84	4.50	16	10.30	—	—	"
HEIN C	F.140	65	2.50	84	6	—	—	"
HEIN P	F.110	70	1 A	—	—	—	—	"
HEIN P	F.120	268	4	—	—	—	—	"
HEIN P	F.130	13	9.50	—	—	—	—	"
KLM C	F.140	5	9.70	—	—	—	—	F.145
KLM C	F.150	18	5.50	2	11.60	4	17	"
KLM C	F.160	26	2.80	1	8.40	—	—	"
KLM C	F.170	34	1.90	—	—	—	—	"
KLM P	F.140	27	2.80	22	5.50	—	—	"
KLM P	F.150	—	—	43	12	—	—	"
KLM P	F.160	50	16.70	—	—	—	—	"
PHIL C	F.32.50	10	16.80 B	—	—	—	—	F.49.50
PHIL C	F.40	7	9.50	5	11	—	—	"
PHIL C	F.45	92	5.40	8	7	—	—	"
PHIL C	F.50	210	2.40	87	4.20	17	5.90	"
PHIL C	F.55	92	1	76	2.50	52	4	"
PHIL P	F.40	10	0.50	3	1.20	4	1.50	"
PHIL P	F.45	564	1.10	11	2.40	—	—	"
PHIL P	F.50	2	2.60	16	4.20	12	5	"
PHIL P	F.55	—	—	2	7	—	—	"
RD C	F.110	16	30	—	—	—	—	F.139.90
RD C	F.120	220	20	23	21.50	—	—	"
RD C	F.130	53	10.80	59	14.80	1	17.50	"
RD C	F.140	435	4.60	37	9.50	—	—	"
RD C	F.150	49	1.90	65	5	67	8.60 A	"
RD P	F.120	3	0.30	—	—	—	—	"
RD P	F.130	94	1.40	22	3.30 A	28	5.30	"
RD P	F.140	52	6 A	168	7.50	—	—	"
RD P	F.150	20	14.20	—	—	3	15	"
UNIL C	F.200	1	19.50	—	—	—	—	F.214.90
UNIL C	F.220	25	3.90 B	18	10.30	5	13.10	"
UNIL C	F.240	15	0.80	2	4.60	—	—	"
UNIL P	F.200	13	1.60	—	—	—	—	"
		Nov.		Feb.		May		
12¾ NL 81 87-91								
C	F.125	2	1.80	5	3.30	—	—	F.124.40
P	F.120	—	—	2	2.30	—	—	"
P	F.125	—	—	5	4.50	—	—	"
10 NL 82-11 86-89								
C	F.105	—	—	22	1.80	—	—	F.105.3
9½ NL 83 87-90								
C	F.102.50	120	1.50	2	2.30	—	—	F.103
C	F.105	—	—	16	1	—	—	"
P	F.100	10	0.50	16	0.90	—	—	"
7¾ NL 82 89-93								
P	F.92.50	20	0.80	—	—	—	—	F.93.80
		Sept.		Dec.		March		
D/FL C	F.285	—	—	5	15	—	—	F.299.90
D/FL C	F.290	—	—	—	—	30	10.40	"
D/FL C	F.295	6	5	30	6.60	—	—	"
D/FL C	F.300	42	1.80	5	4	—	—	"
D/FL C	F.305	1	0.50	1	1.80 B	—	—	"
D/FL P	F.310	—	—	1	1.20	—	—	"
D/FL P	F.280	—	—	—	—	30	3.20	"
D/FL P	F.285	—	—	13	2.50	—	—	"
D/FL P	F.290	—	—	2	4	—	—	"
D/FL P	F.295	25	1.50	22	6	—	—	"
D/FL P	F.300	39	3.20	6	8	—	—	"
D/FL P	F.305	10	5.50	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS: 5,942

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Brit. Petroleum (*484)						
300	130	—	—	1½	—	—
330	100	—	—	2	—	—
360	72	82	—	2	6	—
390	46	56	64	4	12	14
420	26	36	46	18	24	30
460	6	16	26	40	48	54
Cons. Goldfields (*617)						
500	125	132	—	3	5	—
550	75	92	107	7	13	20
600	43	64	77	23	32	43
650	15	36	52	57	65	75
Courtaulds (*99)						
66	35	—	—	—	—	—
76	26	30	—	1	2	—
86	17	22	—	3	4	—
90	—	—	22	—	—	6
96	9	13	—	4	8	—
100	—	—	14	—	—	10
110	5	6	9	15	17	19
Commercial Union (*170)						
120	52	—	—	0½	—	—
130	42	—	—	1½	—	—
140	32	35	38	2	4	6
160	15	20	27	6	8	13
180	4	10	17	20	23	26
G.E.C. (*208)						
180	34	—	—	3	—	—
200	17	24	30	7	10	14
220	6	14	20	20	24	26
240	2	6	12	34	36	38
260	1	3	—	54	54	—
Grand Met. (*324)						
300	29	39	—	4	7	—
330	12	21	30	14	20	23
360	4	10	17	39	42	44
390	1½	4	8	68	70	72
I.C.I. (*543)						
360	188	—	—	1	—	—
390	158	—	—	1	—	—
420	128	142	—	1	3	—
460	88	102	—	2	6	—
500	52	66	76	6	12	16
550	18	34	46	20	30	38
600	4	16	24	62	68	74
Land Securities (*305)						
260	49	—	—	—	—	—
280	30	37	43	4	6	8
300	15	23	30	8	14	18
330	3	8	15	30	35	38
Marks & Spencer (*207)						
180	31	39	46	3	3	6
200	14	23	30	6	10	12
220	4	9	14	18	20	25
Shell Transport (*612)						
460	152	160	—	1½	3	—
500	112	122	—	2	6	—
550	64	74	84	5	10	14
600	28	38	48	20	28	34
650	4	16	24	54	58	62

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Barclays Bank (*464)						
460	25	42	52	18	23	32
500	10	25	34	40	45	55
550	3	10	18	90	92	97
Imperial Group (*114)						
110	8½	12	16	4	6	8
120	3½	8	10	11	14	16
130	1½	3½	—	19	21	—
LASMO (*320)						
280	—	65	—	—	6	—
300	38	53	—	12	16	—
330	20	33	47	30	30	42
360	12	20	30	57	62	67
390	4	11	18	82	87	92
Lonrho (*106)						
80	29	—	—	1	—	—
90	20	25	—	2	3	—
100	11	15	17	4½	7	7½
110	4½	8	11	10	10	15
P. & O. (*212)						
130	85	—	—	1	—	—
140	75	—	—	1	—	—
160	56	—	—	2	—	—
180	38	45	—	3	4	—
200	28	29	34	6	10	13
220	9½	17	22	15	18	21
Racal (*220)						
230	10	21	29	15	20	24
250	5	13	20	32	36	38
275	2	5	—	57	57	—
R.T.Z. (*662)						
533	134	147	—	3	6	—
550	117	132	—	5	8	—
583	90	102	—	7	13	—
600	75	90	107	10	20	27
650	40	57	70	27	37	47
700	18	32	46	55	63	70
Vaal Reefs (*$132)						
100	34	—	—	1¼	—	—
110	25	32	—	2½	5	—
120	17½	24	27½	4	9	11
130	11	17½	20½	8½	14	15½
140	6½	11	—	14	19½	—

Option	Calls Sept.	Calls Dec.	Calls Mar.	Puts Sept.	Puts Dec.	Puts Mar.
Beecham (*340)						
330	18	30	40	6	15	23
355	5	20	25	25	32	38
385	3	7	12	53	57	60
415	1	4	—	83	85	—
Guest Keen (*177)						
135	44	45	—	1	2	—
155	24	27	—	1	4	—
160	—	—	32	—	—	9
175	7	15	—	8	12	—
180	—	—	17	—	—	18
200	1	6	11	27	29	31

Sept. 5 Total Contracts 1,456 Calls 1,140 Puts 316
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
102 11/16	100 5/8	Exch. 13½pc '83	100 5/8	−1/32	13.42	9.84
100 3/16	98 13/16	Exch. 10pc 1983	100 1/16	.....	9.99	9.49
98 13/16	96 3/4	Funding 5½pc '82-84‡‡	98 13/16	+1/16	5.57	9.14
101 1/4	99 1/2	Exch. 11¼pc 1984	100 5/8	+1/16	11.18	9.67
104 3/8	102 1/8	Exchequer 14pc. 1984	102 1/4	+1/16	13.69	10.45
95 3/16	92 1/2	Exch. 3pc 1984	94 1/4	+1/16	3.17	10.06
102 13/16	100 11/16	Treasury 12pc 1984	101 3/16xd	+1/16	11.84	10.65
107 13/16	104 13/16	Treasury 15pc 1985	105 1/4	+1/16	14.25	10.95
107	101 1/16	Exch. 12pc Cnv. '85	101 11/16	+1/16	11.80	10.82
91 3/4	88 5/8	Treasury 3pc 1985	91 1/16	+1/16	3.29	8.73
102 3/16	99 1/8	Treasury 11½pc 1985	100 11/16	+1/16	11.42	11.04
102	95	Treas 8¾pcCnv '85	97 3/16xd	+1/4	9.00	10.30
103 5/8	100 1/8	Exch. 12¼pc 1985	101 11/16	+1/8	11.67	11.40
102 3/16	99 3/16	Exch. 11¾pc '86	100 11/16	+1/8	11.68	11.45
40 5/8	40	Tr. 10pc Cnv'86 (£40pd).	40 5/8	+1/16	10.22	10.96
88 1/2	85 5/8	Treasury 3pc 1986	86 11/16	+1/16	3.46	8.62
101 13/16	97 3/16	Exch. 10½pc Cv '86	98 3/16	+1/16	10.69	11.26
103 13/16	100 1/16	Treasury 12pc '86	101	+1/16	11.88	11.53
94 7/8	94 3/8	Treasury 8¼pc '84-86‡‡	94 3/8	.....	8.97	10.66
114	103 3/4	Treas. 12¼pc '86 Cnv.	105 3/4	+1/8	11.64	10.06
109 3/16	105 3/16	Exch. 14pc 1986	105 5/8	+1/8	13.25	11.76
107 1/4	103 3/4	Exch. 13¼pc 1987	104 3/16	+1/16	12.72	11.68
97 7/8	95 7/8	Tr 10¼pc Cv '87	96 5/8	+1/16	10.61	11.44
84 3/16	80 1/4	Exchequer 2½pc 1987	81 3/16	.....	3.08	8.92
100 3/16	95 7/8	Exch. 10½pc 1987	96 13/16xd	+1/4	10.83	11.60
93 1/4	88 1/8	Funding 6½pc '85-87‡‡	88 1/4	+1/8	7.37	10.44
86	80 1/4	Treasury 3pc 1987	80 7/8	.....	3.71	8.97
104 5/8	99 7/8	Treas 12pc 1987	100 3/16	+1/8	11.93	11.78
93 1/4	89 1/8	Treasury 7¾pc '85-88‡‡	89 3/8	.....	8.67	10.84
101 1/2	95 1/2	Exch 10½pc '88	96 1/16	+1/16	10.93	11.61
81 1/2	75 1/4	Transport 3pc '78-88	77	.....	3.90	8.98

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
200	158	Harrison Inds 5% 20p	200	+10	4.2	ϕ	3.0	ϕ
208	165	Jackson Bourne	195	.....	5.0	ϕ	3.7	ϕ
39½	19	James Inds. 10p	33	–1½	1.25	1.5	5.4	18.1
160	99	Jardine M HK$6	106	–6	080c	2.1	7.3	16.8
46	18	Jenks & Cattell	46	+1	1.06	0.5	3.3	(31)
348	282	Johnson Clnrs.	305xd	–7	†10.8	2.8	5.1	8.5
340	265	Johnson Mthy. £1	278	–10	10.0	2.0	5.1	(11.6)
385	228	Johnston Grp. 10p	375	.....	6.0	5.0	2.3	12.6
102	87	Jourdan (T.) 10p	92	.....	5.6	1.2	8.7	12.7
64	39	Kalamazoo 10p	58	–1	2.5	0.9	6.2	26.0
60	35	Kean & Scott Hldgs.	49xd	–½	M1.0	—	2.1	—
23	9¾	Keep Trust 5p	13	+1½	0.15	—	0.2	—
210	140	Kelsey Inds.	183	.....	8.0	1.7	6.2	12.6
155	110	Kershaw (A.) 5p	145	+5	‡15.0	0.6	‡	(21.0)
62	39	Kleen-E-Ze Hldgs.	62	.....	3.0	ϕ	6.9	ϕ
•96	52	L.C.P. Hlds	90	+1	3.6	1.2	5.7	(20.3)
32	14	LDH Group	27	.....	—	—	—	—
145	103	L.R.C. Int. 10p	122	+1	3.25	2.3	3.8	14.5
32	17	Lamont Hldgs. 10p	28	.....	1.3	1.8	6.6	11.0
40	26	Lawtex	36	.....	—	—	—	—
460	345	Lep Group 10p	460	.....	17.5	0.3	5.4	63.8
36	22	Lilleshall 10p	30	–1	d1.0	—	4.8	—
350	61	Lon. & Liv. 10p	70	+2	h2.75	3.5	5.6	6.3
140	102	London & Midl'd	128	.....	7.75	ϕ	8.6	ϕ
•110½	38	Lon. & Nthn. Grp.	78	–1	F4.2	ϕ	7.7	11.0
40	23	Lon. Prv. Health	29	.....	—	—	—	14.5
65	46	Longton Inds	56xd	.....	1.0	—	2.6	—
120	70	Low & Bonar 50p	104	+2	5.0	0.6	6.9	(41.7)
48	32½	MCD Group	48	+1	u1.0	2.2	3.0	21.9
87	62	MMT Computing 5p	80	–3	b1.68	2.6	3.0	18.6
26	16	M.Y. Dart. 10p	22½	–½	0.1	—	0.6	—
212	135	M'c'rthy Ph. 20p	144	–6	7.0	2.7	6.9	6.8
148	128	Macfarlane Gp.	148	+2	†3.52	2.1	3.4	17.9
46	34	Maclellan 20p	34	.....	d1.5	1.6	6.3	12.2
63	48	Macpherson (D.)	57½	+1½	4.2	0.6	10.4	(33)
56	41	Magnolia Group	53	.....	2.3	3.2	6.2	6.2

[illegible]

LEISURE

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
78	69	A-R TV Pref £1	73½	.....	5.95	17.8	25.4	—
103	85	Adam Leisure 10p	85	–7	bd2.0	2.9	3.5	17.3
141	114	Anglia TV 'A'	138	.....	6.5	2.7	6.7	7.0
110	85	Assoc. Leisure 5p	107	–1	h4.13	2.1	5.5	15.1
128	72	Barr & W.A.T. 'A'	122	.....	5.0	1.3	5.9	(17.8)
100	40	Black & Edgtn.	89	.....	ϕ—	—	—	23.6
178	118	Boosey & Hawkes	166	–2	2.3	1.5	2.0	(41.8)
61	40	Campari Int. 20p	58	.....	d2.73	1.2	6.7	(15.7)
36	23	Fairline Boats 10p	36	.....	†d1.0	—	4.0	—
31	14½	GRA Group 5p	29	.....	—	—	—	37.3
58	45	Grampian TVA 10p	57	.....	3.6	2.9	9.4	4.4
163	136	HTV Non/Vtg.	162	.....	11.0	2.0	9.7	7.2
222	125	Horizon	145xd	+1	†3.6	5.7	3.5	6.3
162	91	Intasun 10p	147	+4	4.0	4.5	3.9	6.7
60	29	Interv'n Video 10p	29	–1	1.0	2.1	3.6	14.8
370	258	Juliana's Hldgs 2p	352	.....	b4.9	2.4	2.0	25.6
173	139	LWT "A"	173	.....	11.08	1.1	9.1	13.9
•147	67	Leisuretime Int 10p	70	.....	g1.54	ϕ	3.2	ϕ
328	108	Magnet Ag. M. 20p	117	.....	8.75	1.6	10.7	8.5
60	52	Medminster 10p	53	.....	†4.0	0.8	10.8	16.7
170	110	Miss World Grp 10p	155xd	+1	b3.0	2.5	2.6	22.5
23	17½	Nationwide 5p	22	.....	—	—	—	—
128	53	Nimslo Int 20c	68	+3	—	—	—	—
128	45½	Norton Opax 10p	120	.....	t2.17	4.3	2.6	8.6
29½	22½	Owners Abroad	29	–½	0.5	4.5	2.5	13.0
47	36	Photax (Lon.)	40	.....	—	—	—	—
153	90	Pleasure Jaco St 20p	113	.....	ud7.5	2.1	1.9	27.9
340	217½	Pleasurama 5p	320	–2	t5.75	4.5	2.6	19.1
173	108	Radio City 'A' NV	125	–10	g5.6	1.6	6.5	13.3
209	138	Riley Leisure 10p	194	.....	3.95	1.7	2.9	27.0
132	84	Saga Hols. 20p	103	.....	d3.73	—	5.2	—
515	345	Samuelson Grp £1	405	.....	to12.0	2.8	4.3	13.9
108	94	Scott. TV 'A' 10p	107	.....	7.35	2.2	9.8	6.6
68	28	SelecTV 10p	36	.....	—	—	—	—

For Strikes Rests. see Hotels

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
24	15½	TSW 5p	20	.....	0.9	3.3	6.4	6.8

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCES

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS-Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—continued

Central African

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
300	210	Falcon Rh 50c	220	.....	070c	4.2	24.9
23	16	Wankie Col. Z$1	22	–1	05c	0.7	13.3
28	18	Zam.Cpr SBD0.24	19	.....	—	—	—

Australians

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
28½	13½	ACM 20c	18	+½	—	—	—
40	32	Allstate Expln NL	40	+3	—	—	—
25	11	Balmoral Resources	17	.....	—	—	—
60	37	Black Hill Mins	52	+1	—	—	—
75	51	Bond Corp	75	+6	g010c	2.3	8.1
183	116	Bougainville 1 Kina	170	.....	m03.43c	1.2	1.2
360	204	CRA 50c	360	+5	t03c	—	0.5
145	60	Carr Boyd 20c	94	–2	—	—	—
43	18	Central Pacific	33	+1	—	—	—
9	2¼	Cons Gold Mng Areas	4	.....	—	—	—

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL AND IRISH STOCKS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 29

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

Authorised Units—continued

Equity & Law Un Tst Mngs (a) (b) (c)
Amersham Rd, High Wycombe. 0494 33377
Euro Tst Acc 58.2 62.5 .... 1 66

Robert Fleming & Co Ltd
8 Crosby Square, EC3A 6AN. 01-638 5858
AmExFd* £269.34 275.29 .... 0.63
JapExFd* £155.42 160.48 .... 1.15
Next subscription day Sept 16 1983.
*Fleming American Property Unit Trust.
Latest issue price (15/8) US$10.567.
Units are issued on Feb 15, May, Aug, Nov.
*Fleming Property Unit Trust.
Latest issue price (24/6) £2.067.
Units are issued on March 25, June 24, Sept 29 & Dec 25.
*Unauthorised.

Guardian Royal Ex Unit Mgrs Ltd (a)
Royal Exchange EC3V 3LS. 01-638 2020
(b)GREGtFI 109.0 113 3xd +0.5 10.25
(g)GRENAmT 94.2 101.3 .... 2.47
(g)GREPacT 102.6 110.4 +1.1 1.13
(b)PrptySfT 94.4 101.6 +0.3 2.16
(b)GREGthEq 96.8 104.1 +0.6 2.55
GRESmlC 109.2 117 5 −0.6 1.33
G'hillTst 181.9 188.4xd +1.3 3.37

H.B.L. Unit Trust Mngrs Ltd (a) (c) (g)
Premier NT Admin, 5 Rayleigh Rd, Hutton, Brentwood, Essex. 0227-227300
Smllr Cos Tst 50.4 53.1 3.06
N Amer Tst 47.7 50.2 +0.2 2.49
JapnFarETst 51.9 54.6 +0.3 1.37

Hexagon Services Ltd
4 Gt St Helens, London EC4P 3EP. 0708 45322
AustFrsGw 111.0 116.9 .... [illegible]
BrewinsCap 82.9 87 3 .... 0.57
BrewinGtInc 76.3 80.4 .... 3.91
CanGwthFd 102.5 110.5 .... 1.02

Lawson Fund Managers Ltd (a) (c) (g)
43 Charlotte Sq, Edinbgh 2. 031-225 6001
Penny Sh Fd — 15.0 .... 1.8
Aust & Pac 9.7 10.3 .... 0.58
High Yield 19.5 21.2xd 10.40
Do Accum 20.6 22.3xd 10.40

MGM Unit Managers Ltd
MGM House, Heene Road, Worthing. 01-623 8211
High Inc 128.8 138 4 −0.1 6.15
(Accum Uts) 130.5 140.3 −0.1 6.15
UK Growth 125.1 134.5 +0.4 3.23
(Accum Uts) 125 4 135.8 +0.4 3.23

MLA Unit Trust Management Ltd
Old Queen Street, SW1A 9JG. 01-222 8576
MLA Units 182.2 191.3 .... 2.79
MLA Int 86.6 90.2 .... 0.83

The Money Market Trust
83 Qn Victoria St EC4N 4ST. 01-236 0952
Call Fund — — 9.1
7 Day Fund — — 9.22
†Unauthorised—Sterling Deposit Fund.

Italian Lire LL37.044 +15 14.94
Japanese Yen Y6,293.53 +0.97 5 61
Singapore $ S$63 97 +0.015 8.88
Swiss Franc SwFr45.977 +0.009 2.95
U.S. $ $29.50 +0.01 8 94
Daily dealings.
For other Rothschild Offshore Funds see Offshore and Overseas section.

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 27581
Schroder Money Funds Ltd
Sterling £14.0536 .... —
U.S. Dollar $28.2999 .... —
D-Mark DM51.2363 .... —
Swiss Franc SF50.9633 —

J. Henry Schroder Wagg and Co Ltd
120 Cheapside, EC2. 01-382 6000
Nagsa&ThAug23 $58.44 .... —

Target Trust Mgrs (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534 27441
Mgd Cur Fd 95.3 100 4 +0.1 —

Tyndall-Guardian Management Ltd
PO Box 1256, Hamilton, Bermuda.
T-G Am $22 56 .... —
T-G Money $21.40 .... —
T-G E'bond $15.48 .... —
T-G Com $20.63 .... —
T-G Mort C$19 79 .... —
T-G O'seas $12 36 .... —
T-G Pacific Y2,078 .... —
T-G Wall St $25 39 .... —

United Fund Managers Ltd
16-18 Queens Road Central, Hong Kong. 5-231417
S&MIyT $10.18 10 54 .... —

Offshore and Overseas—continued

Actibonds Investment Fund SA
37 rue Notre Dam, Luxembrg. Tel 47971
Actibonds In — $19.17 .... —

Alliance Capital Management Intl Inc
62/63 Queen St, London, EC4. 01-248 8881
Alliance International Dollar Reserves
Distribution Aug 1-14 (0.0034491 (9.40% pa)
AInt'lHCreSept1' $9 21 .... —
A Tech Fd Sept 1 $22.24 .... —
Quasar Ass Sept 1 $60.56 .... —

Bamford Brandt Guernsey Mngt Ltd
PO Box 71, St Peter Port, Guernsey. 0481 26541
Tch&Comms £8.86 9 32 .... —
IntlGrowth $17.32 18 77 .... —

Brown Shipley St Co (Jersey) Ltd
PO Box 583, St Helier, Jersey 0534 74777
StgCpFd(a) £16 17 16.18xd .... —
IntCrF(a)(n) £1.11 10.60 .... —
IntBdFdA $10.60 10.60 .... —

CAL Investments (IoM) Ltd
16 St Georges St Douglas IoM. 0624 20231
CAL C&C* 89.2 93.9 +0.5 —
CAL Metals* 96.3 101.4 +0.9 —
CALSilver** 298.0 315.0 +4.7 —
CAL Gold** — — .... —
CAL Copper** — — .... —
CAL Alumin** — — .... —
Dealings days every Monday.

CAL Investments (Bermuda) Limited
PO Box 1022, Hamilton, Bermuda. (809 29) 5-5950
CAL CTR Fd 80.0 86.0 —
Dealing days every Monday.

Commodity Advisory Svcs (IoM) Ltd
48 Athol St, Douglas, IoM. 0624-20845
Com&FFAc 87.81 91.47 −8.22 —
Com&FFD 87 81 91.47 −8 22 —
Next dealing date Sept 5.

Citibank (CI) Ltd "Citifunds"
Channel Is. Transatlantic Inv Fds Ltd
Green St, St Helier 0534-70334
U.S. $ Fund $10.214 +0.003 —
£ Sterling Fund £5.107 +0.001 —
Sw Franc Fd SwFr20.145 +0.001 —
JapnseYenFd Y2 024.691 +0 282 —
DeutschmkFd DM20.161 +0.002 —
Managed Fund $10 075 +0.002 —

DunVest Ltd
PO Box 887, Grand Cayman.
NAV $136 80 −2.69 —

Jardine Fleming and Co Ltd
46th Floor, Connaught Centre, Hong Kong
JCr&BdFI $12.29 — −0.30 9.6
Do(Accum) $17.38 — −0.42 —
JFATstInc $10.34 — +0.04 —
Do(Accum) $10 34 — +0.04 —
JFAmGwth $9.35 — +0.06 —
Do(Accum) $9.35 — +0.06 —
JFMCurIn $9.96 — .... —
Do(Accum) $9 96 — .... —

Lazard Brothers and Co (Jersey) Ltd
PO Box 108, St Helier, Jersey, C.I. 053437361
LazBrFarE $14.33 15.25 .... 1.00
CpGrBd $1,293.06 1,310.28 .... 11.6
O'boldBdFd $9.96 9.99 .... 4.0
Do Accum $9 96 9.99 .... 4 0
N Am Fd $9.77 10.40 .... —

Lloyds Bank International, Geneva
PO Box 438, 1211 Geneva 11 (Switzerland)
LlydsIntDlr 95.8 98.9 .... —
LlydsIntG SF900.5 959 5 .... 1.5
LlydsInLn SF296.5 308.0 .... 6.5
LlydsIPac SF101.5 106.9 .... —

Management International Ltd
Bk of B'muda Bldgs B'muda 809-295-4000
Bda IBFC $15.92 16.09 −0.15 —
Bda IBFI $11 17 11.29 −0.10 —
Prices on Sept 2. Next dealing Sept 9.
Bda IEFC $10.30 10.52 .... —
Bda IEFI $10.30 10.52 .... —
Prices on Aug 24. Next dealing Aug 31.

Manufacturers Hanover Geofunds
PO Box 92, St Peter Port, Guernsey. 0481 23961
LA Inc $102.88 103.10 .... 9.16
LT Acc$ $124.13 124.38 .... 11.04
MIT Inc $108.79 109.35 .... 5.85
MIT Acc$ $123 93 124.56 .... 14.27
Geofund International Reserves Ltd.
Sterling £5.036 +0.002 —
U.S. $ $10.069 +0.003 —
D-Mark DM20.071 +0.003 —
Swiss Fr SwFr20.047 +0.002 —
Jap Yen Y2,007.8 +0 3 —
Managed Fd $10.001 −0.015 —

Marine Midland (CI) Ltd
140 B'way NY 10015 USA. 212-440-1000
Queens Hse, Don Rd, St Helier. 0534 71460
Intcurcy $1,019.60 .... —
Next sub day Sept 14.

Samuel Montagu Ldn Agents
114 Old Broad St, EC2. 01-626 3434

[illegible]

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar. 0707-42311
Pension Funds
EqPenFdAc 591.9 623.0 +1.6 —
Fix I Pen Ac 396.4 417.5 +1.1 —
GtMinPnAc 244.5 257.3 +0.2 —
Intl Man 244.2 257.0 +2 7 —
Jap Pens Fd 110 4 116.1 +0.4 —
AmPIDdAc 135.8 142.9 +1.0 —
Prop Pn Ac 224.0 235.7 +0.1 —
MpInPnAc 494.8 520.8 +2.7 —

Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500
VarAnUtsSep3 — 147.10 .... —
VarAnUtSep9 — 33.11 .... —
Prime Series
Managed 119.9 126.2 +1.0 —
UK Equity 121.5 127.9 +0 6 —
Int Equity 118.5 124.8 +0.7 —
Property 101.4 106.8 —
Fixed Int 104.3 109.8 +0.6 —
Index Lkd Gt 88.6 93.3 +0.3 —
Cash 98.4 103.6 +0.1 —
Hand-in-Hand
Cash 120.0 126.4 .... —
Fixed Int 134.0 141.1 .... —
Property 139.9 147 3 .... —
NatWest 183.0 192.7 .... —

Continental Life Insurance PLC
64/70 High St, Croydon, CR0 9XN. 01-680 5225
Equity Acc 147.4 155.2 .... —
Propty Acc 135.5 142.7 .... —
Int Acc 143.6 151.2 .... —
Managd Acc 144.3 151.9 .... —

Fixed Int 106 2 111.8 +0.4 —
Spec Sits 122 0 128 5 +0.2 —
N America 112 9 118.9 +0.8 —
Far East 124.7 131.3 +0.9 —
Managed 113.5 119 5 +0.8 —
Comm Prop 99 3 104.6 .... —
Prime Rest 98 9 104.2 .... —
Deposit 99 3 104.6 .... —
Capital unit prices available on request.

London Life Linked Assn Ltd
100 Temple St, Bristol BS1 6EA. 0272-279179
Equity 225.8 232.5 .... —
Fixed Int 157 4 158.1 .... —
Property 165 3 170.2 .... —
Deposit 141.3 141.3 .... —
Mixed 189.2 193.2 .... —
Index Stk 107.0 107 5 .... —
International 115 0 117.3 .... —

London Life Managed Funds Ltd
Equity(P) 161.7 167.3 .... —
Fixd, Int(P) 162 6 163.8 .... —
Property(P) 119.5 123 6 .... —
Deposit(P) 120 6 120.6 .... —
Mixed(P) 149.6 153.2 .... —
Index Stk 113.3 114.1 .... —
Inter(P) 110.5 112.7 .... —

Moneywise Friendly Society
60 Holdenhurst Rd, Bournemouth. 0202 295678
MoneywiseIn 47.7 50.8 .... —

Municipal Life Assurance Ltd
99 Sandling Rd, Maidstone. 0622 679351
Equity Fd 95.0 100.0 .... —
Managd Fd 100 0 106.0 .... —

Premium Life Assurance Co Ltd

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Save & Prosper—continued
Overseas Funds & Sector Funds
Europe (2) 147 1 158 3 +0 4 0 96
Japan (2) 187 6 201 9 +3 1 0 21
Japan Smlr. Co's (2) 47 1 50 9 +0 3 0 00
S.E. Asia (2) 77 2 83 0 1 6 1 22
U.S. (2) 227 2 244 5 +1 2 0 47
Commodity 175 2 188 6xd 1 90
Energy 153 2 164 9 1 97
Exploration Fund (2) 40 4 43 4 +0 1 0 25
Financial Secs 138 7 149 3 +0 4 2 76
New Technology (2) 93 1 100 2 +0 6 0 00
Scottish 65 9 71 2 +0 3 3 26
Special Situations Fd 53 7 58 0 +0 1 2 57
Intl. Bond Fd (2) 80 0 86 9 0 1 1 64
Exempt Funds
Exempt Income* 284.0 299 8xd 6 42
Exempt Intl.* 539 8 569 8 1 03
R. Fleming High Int. Bank Account
Deposit†‡ 9 29
*Prices at Aug 24. Next sub day Sept 14.
†Not Authorised U.T. Bank Deposit.

National Westminster (a)
161, Cheapside, EC2V 6EU 01 726 1999
Capital (Accum.) 191 8 208 3 +0 5 1 56
Energy Tst. 57 2 61 4xd +0 2 0 95
Extra Inc. 96.1 103 3 +0 1 6 39
Financial 70.2 75 4xd 3 93
Growth Inv 167 0 179 8 3 17
Income 72 5 77 9 +0 3 4 96
Japanese & Pac. Gth. 64 0 68 8xd +0 2 1 22
North Am Gwth Tst. 89 1 95 8 −0 4 0 68
Portfolio Inv. Fd 110 1 116 6 −0 7 4 28
Recovery Trust 83 2 89.4 +0 5 1 84
Smaller Companies 111.9 120 3xd −0.1 1 85

NEL Trust Managers Ltd. (a) (g)
Milton Court, Dorking, Surrey. 0306 887766
Nelstar 98 3 103 5 +0 2 3 65
Nelstar Gilt & F I 62 3 63 9xd +0 2 9 07
Nelstar High Inc 45 2 47 6xd +0 1 6 50

Schroder Unit Trust Managers Ltd.
Enterprise House, Portsmouth. 0705 827733
American 100 8 110 2 +0 3 0 37
(Accum Units) 101 4 110 9 +0 4 0 37

Tyndall Managers Ltd.(a)(b)(c)
18, Canynge Road, Bristol 0272 732241
Australian Securities 72 7 78 2 [illegible]
(Accum Units) 73 2 78 7 [illegible]
Capital 213 4 228 4xd +0 [illegible]
(Accum Units) 350 6 375 3 +1 [illegible]
Exempt 173 6 186 8xd −0 [illegible]
(Accum Units) 342 8 368 6 −0 2 [illegible]
Far Eastern 113 7 122 1xd +1 4 [illegible]
(Accum Units) 118 6 127 5 +1 6 [illegible]
Fin & Prop 29 6 31 9xd −0 1 [illegible]
(Accum Units) 41 1 [illegible]
Gilt Capital Trust 103 0 107 0 +0 2 7 90
(Accum Units) 104 1 108 2 +0 2 7 90
Gilt Income 103 0 106 8xd +0 3 11 6[illegible]
(Accum Units) 134 5 139 6 +0 5 11 [illegible]
High Yield 29 9 [illegible]
(Accum Units) 55 1 59 3 +0 1 [illegible]
Income 123 8 132 6xd +0 2 7 83
(Accum Units) 333 0 354 4 +0 6 7 83
Intl. Earn. 102 2 110 0 +0 2 3 2[illegible]
(Accum Units) 138 6 149 2 +0 2 3 25
Japan Growth (Acc) 57 1 61 1 +1 0 0 20
Natural Resources 198 8 213 8 +2 8 1 79
(Accum Units) 275 6 296 4 +3 8 1 79
Nth Amer Grth 105 4 113 4 +0 4 2 06
(Accum Units) 117 9 126 8 +0 5 2 06
Pref 102 0 109 8 +0 2 11 9[illegible]

[illegible]

INSURANCES

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Assur. Co. Ltd.—cont.

Income Accum.	112 7	118 7	..	—
Do. Initial	109 8	115 6	..	—
Man. Pens. Accum.	241 2	253 9	..	—
Do. Initial	200 3	210 9	..	—
Gilt-Edg Pens. Accum.	201 7	212 4	..	—
Do. Initial	161 2	169 7	..	—
Money Pens. Accum.	184 6	194 4	..	—
Do. Initial	149 5	157.4	..	—

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.	231.39		...	—
Managed Inv. Fd.	156.88	165.14	...	—
Property Fd.	150.30	158.32	...	—
Fixed Interest Fd.	141.61	149.07	...	—
Cash Fd.	135.42	142.45	...	—
Income Fd.	172.51	181.59	...	—
Extra Income Fd.	162.92	171.50	...	—
Worldwide Growth Fd.	229.60	241.69	...	—
Balanced Fd.	173.22	182.34	...	—
Smlr Co's & Recy. Fd	207.34	218.26	...	—
Int. Technology Fd.	261.70	275.78	...	—
Nth. Amer. & Gen. Fd.	164.70	173.37	...	—
Energy Int. Fd.	107.92	113.60	...	—
Pacific Basin Fund	125 75	132.37	...	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	107 1	112 7	...	—
Property	105 5	111 1	...	—
Equity	95.9	100 9	...	—
International	124.4	130.9	...	—
Fixed Interest	97.5	102.6	...	—
Deposit	98.6	103.8	...	—
Managed Pen. Cap.	107.9	113.6	...	—
Property Pens. Cap.	104.8	110.3	...	—
Equity Pens. Cap.	92 6	97 4	...	—
Intnl Pens. Cap.	129.5	136.3	...	—
Fixed Int. Pens. Cap.	95 9	101.0	...	—
Deposit Pens. Cap.	97.0	102 1	...	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Aug 30	96.2		...	—
Rtmt. Fed. Aug 6	255.4		...	—
Managed Pen Fund	175 5	184.7	...	—

G.T. Management Ltd.
16 Finsbury Circus, Lone EC2M 7DJ 01-628 8131

G T Plan Bond Fund	116 9	123 1	+0.6	—
GT Pln High Yld Fnd	117 4	123.6	..	—
GT Plan Far East Fnd	112 4	118 4	..	—
GT Pln N Am Fund	141.3	148 8	-0 1	—
GT Pln UK&G.E. Fnd	133 8	140 9	..	—
GT Pln Wrldwde Fnd.	133 6	140 7	+0 1	—
GT Pension Bnd Fnd.	126.1	132 8	+0 6	—
GT Pen High Yld Fd.	134 0	141 1	..	—
GT Pen Far East Fd	136 5	143 7	..	—
GT Pen N. Am. Fd	207.1	218.0	...	—
GT Pen UK & G E Fd	155 6	163 8	..	—
GT Pen Worldwide Fd.	142.6	150.2	..	—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	163.2	171 8	..	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St, Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc	247 1		..	—
Portfolio Fd. Init.	205 6		..	—
Portfolio Fd. Cap.	236.6		..	—
Investment A/cs	247.0	260.1	....	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	1,153		...	—
Landbank Secs.	65.87		...	—
Landbank Scs. Acc.	183 7	188.5	...	—
G. & S. Super Fd.	£11.2814		...	—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	302 8	315.3	...	—

GRE Linked Assurance Limited

Managed Initial	206.0	216.8	-0.4	—
Do. Accum	228.1	240.1	-0.4	—
Equity Initial	259.3	272.9	-1.4	—
Do. Accum	287 1	302.2	-1.5	—
Fixed Int Initial	187.2	197.1	+1.2	—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	64.8	68.7	...	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511

Money Mngr Sept 1	61.3	66.1		—
MM Flexible Sept 1	52 6	55 4	-0.4	—
Fixed Interest Sept 1	54 7	57 7	..	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

See adjacent Page Mon-Fri and Stock Exchange Page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap	288.5	—	-1.3	—
Invest. Tst. Fd. Acc.	306.1	—	-1.3	11.9
Property Fund Cap	117.2	—	.....	—
Property Fund Acc.	123.2	—		4 2
Flexible Fund Cap.	179.2	—	-0.4	—
Flexible Fund Acc.	188.4	—	-0.3	4.2
Fixed Int. Fd. Cap.	134.3	—	-0.1	—
Fixed Int. Fd. Acc.	141.4	—		—
Gtd. Deposit Fd. Cap.	138.6	—		—
Gtd. Deposit Fd. Acc.	144.8	—	+0.1	—
Equity Fund Cap	130 0	—	-0.8	—
Equity Fund Acc.	136.3	—	-0.8	—
International Fd. Cap	138.3	—	+0.5	—
International Fd. Acc.	144.9	—	+0.6	—
Capital Gwth. Fd.	429 8	—	-0.7	—
Moneymaker Fund	165.2	—	-0.4	—
Exempt Inv Tst Cap	406.2	—	-1.6	—
Exempt Inv Tst Acc.	420 3	—	-1.5	—
Exempt Inv Tst NS	418.2	—	-1.5	8.0
Exempt Pty Cap	188.9	—		—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU 01-680 0606

Property Fund		287.8		—
Property Fund (A)		280.0		—
Agricultural Fund		1,106.0		—
Agric. Fund (A)		1,077 2		—
Abbey Nat. Fund		228.4		—
Abbey Nat. Fd. (A)		227 5		—
Investment Fund		137 2		—
Investment Fund (A)		134 4		—
Equity Fund		414.5	+0.9	—
Equity Fund (A)		406.9	+0.9	—
Money Fund		214.3	...	—
Money Fund (A)		210 4		—
Actuarial Fund		221 1		—
Gilt-edged Fund		185.2	+0.7	—
Gilt-Edged Fd (A)		185.2	+0.7	—
Retire Annuity		352.0		—
Immed. Ann'ty		193 0		—
International Fd		269 8	+1.2	—
Bldg. Soc. Life Fd		103.8		—

Property Gth Pens. & Annuities Ltd

All W'ther Ac. Uts.	254.0	267.3	...	—
Inv. Fd Uts.		294.3	...	—
Pension Fd. Uts		250.4	...	—
Conv. Pens. Fd.		288.1	..	—
Cnv. Pns. Cap. Ut.		216.4	..	—
Man. Pens. Fd.		328.2	-0.6	—
Man. Pens. Cap. Ut.	256.5	—	-0.4	—
Prop. Pens. Fd.		279.5	...	—
Prop Pens.Cap.Uts.		212.6	...	—
Bldg. Soc. Pen. Ut.		251 1	...	—
Bldg. Soc. Cap. Ut.		193.8	...	—
Gilts Pens Fd.		161.7	+0.6	—
Gilts Pens Fd. Cap		142.0	+0.5	—
Equity Pens. Fd.		254.5	+2.1	—
Equity Pens Fd. Cap.		223 5	+0.7	—

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Standard Life Assurance Company
3 George St., Edinburgh EH2 2XZ 031-225 2552.

Managed	196 4	206.8		—
Property	151.3	159.3	+0.1	—
Equity	224 9	236.8	-0.9	—
International	210 6	221.7	+1.1	—
Fixed Interest	161.4	169 9	+0.6	—
Index Linked	96.5	101.6	...	—
Cash	129 9	136 8		—
Pension Managed	229.5	241.6	+0.7	—
Pension Property	153 3	161.4		—
Pension Equity	265.6	279.6	-0.1	—
Pension Intl.	252 9	266.3	+1.3	—
Pension Fxd. Int.	169 3	178.3	-0 B	—
Pension Index Linked	97.5	102.7	...	—
Pension Cash	145 9	153 6	+0.1	—

Sun Alliance Insurance Group
Sun Alliance House, Horsham. 0403 64141

	Series (2)			(1) Bid
Index Linked Fund	101.2	106 6	+0 1	101.4
Equity Fund	297.2	312 9	+1.0	297 5
Fixed Interest Fund	189.9	199.9	+0.8	190.0
Property Fund	212.6	223.8	.....	212.8
International Fd	178.5	187 9	.....	178 7
Deposit Fund	143.1	150.7	.....	143.3
Managed Fund	234 7	247.1	+0.5	234.9
Intl Bond Aug 23	£21.04	—	...	£21 04

Series (2) Prices are for policies issued after 11/7/1982. Series (1) These are bid prices for earlier policies.

Individual Pension Funds

Index Linked	124.3	130.9	+0.2	—
Equity	145.4	153 1	+0.4	—
Fixed Int.	155.3	163.5	+0 7	—
Property	107.9	113 6	..	—
International	149.6	157.5	...	—
Deposit	111.3	117 2	...	—
Managed	145 4	153 1	+0.3	—

*Group Pension funds—Prices available on request.

Sun Life of Canada (UK) Ltd.

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Unigilt Trust	43 4	45 2		11 20
Unidollar Trust	$15 83	16 96	...	1 80
Unibond Trust	$86.39	87 08		10 50

1, Thomas St, Douglas, Isle of Man. 0624 23252.

Uni-Australian Tst.	79 8	85 6		1 30
Uni-Aust. Mineral Tst.	71 7	77 2		1 40
Uni-Pacific Trust	164 9	177 4		—
Uni-International Tst	71 6	77 0		1 40

Bishopsgate Commodity Ser. Ltd.
P O Box 42, Douglas, I o M 0624-23911

ARMAC* August 1	$60 01	63 81		—
COUNT** August 1	£3 713	3 938		1 36
CANRHO** August 1	£2 370	2 514		—

Original issue *$10 and **£1 Next sub September 5

Bridge Management Ltd.
GPO Box 590, Hong Kong

N'bashi July 31	Y42,700	42,900	..	Y42,730
Nippon Fd Aug 31	$28.03	29 27		0 92

Britannia Intl. Investment Mngnt. Ltd.
Box 271, Queensway House, Queen Street, St. Helier, Jersey C.I. 0534-73114

U.S. Dollar Denominated Funds:

AmSmallerCos. Fd	$2 237	2 405	+0020	—
Dollar Inc Fd.	$0 788	0.843	-0001	11 00
$ Mngd Curr'cy Fd	$9 40	9 90	+0046	6 30
First Intnl	$20 44	21 56		—
Gold Fund	$1 281	1 401	+0014	3 78
Normandie In $Fd†	$12 40	13 54		—
Universal Grwth Fd	$0 942	1 013	+0013	—

†New dealings Sept 5

Sterling Denominated Funds

American Invests	92 4	99.4	+0 3	3 00
Australian Perf Fd	86 6	93.1	-1.2	—
Far East Fund	111 6	120 0	+0.2	1 00
Jersey Energy Tst	16.6	17 9	+0.1	1 50
Jersey Gilt	21.5	22 9	+0.1	11 40

COMMODITIES AND AGRICULTURE

Higher U.S. export credit funding requested

By Nancy Dunne in Washington

WHILE the payment-in-kind (Pik) programme is expected to push 1983 net farm income to one of the highest on records, the U.S. Department of Agriculture (USDA) is reportedly seeking to expand its funding of agricultural export credit.

Lower production expenses and Government payments to farmers of cash and commodities is expected to nudge the net farm income to between $26-$30bn (£17.4-20bn).

The increase would be up from 1982's $23.9bn and could possibly top the $28.9bn recorded in 1974. The highest farm income on record is the $31bn achieved in 1973.

However, USDA is still determined to boost sagging agricultural exports. Currently, the Department has $3bn budgeted for export credit guarantees for fiscal 1984 plus an additional $175m to be used for export promotion programmes such as blended credit. However, USDA is reportedly seeking to boost the total credit package to between $6-8bn for the fiscal year.

The Department is considering activating two programmes which were authorised in 1978 but have received little or no funding. One provides direct export credit for use in the foreign sales of U.S. livestock. The other stipulates that the proceeds from the sales of commodities could be used to develop the importing country's infrastructure. Both programmes provide credit for three to 10 years.

Reportedly, there is some disagreement between Government agencies about whether or not credit should be granted to those countries already deeply in debt. The USDA request for more credit funding is expected to be considered during next week.

LME copper stocks return to peak levels

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER STOCKS held in the London Metal Exchange warehouses are now back to the four-year peak reached 12 weeks ago.

Another increase in stocks last week of 15,025 tonnes, the fifth consecutive rise, took total holdings up to 345,450 tonnes.

This means that the sharp drop of some 100,000 tonnes in stocks from mid-June to mid-July as a result of Chinese buying has been totally recovered by an inflow of stocks during recent weeks.

Stocks have also been rising in New York, putting heavy pressure on prices. Yesterday, in quiet trading conditions—with the New York market closed for the Labor Day holiday—higher grade cash copper eased by £4 to £1,071.5 a tonne.

Traditionally, the Labor Day holiday often marks a turning point in the market with industry in the western world returning to work after the summer holidays.

At the moment, the outlook for copper remains gloomy with stocks continuing to rise and demand remaining apparently sluggish in spite of the recovery in U.S. industry that has given such a boost to aluminium and zinc prices.

Aluminium stocks in LME warehouses fell again last week by 1,250 tonnes reducing the total holdings to 259,875 tonnes, compared with a peak of 278,025 tonnes.

Cash aluminium closed only £2 up at £1,114 a tonne but is now £43 higher on cash copper.

Zinc stocks also declined marginally, by 150 tonnes from the peak of 107,025 tonnes reached the previous week—the highest level since November 1976. During the last zinc price "boom" in 1973-74, when cash zinc reached a high of £910, warehouse stocks fell to 3,250 tonnes at one stage—a far different scenario from the present situation of high stocks and high prices.

Lead stocks rose by 1,700 to a record 206,525 tonnes, but nickel fell back by 54 tonnes from the previous week's record total of 23,478 tonnes. Tin stocks declined by 280 to 43,950 tonnes, while LME silver holdings were unchanged at 36,500,000 ounces.

● Reuter reported from Kuala Lumpur that Malaysian customs officials seized 44.5 tonnes of tin concentrates valued at 1.4m ringgit (£39,772) and arrested 26 people for smuggling in the first half of this year. Deputy Finance Minister Ling Liong Sik said.

Most of the seizures and arrests were made at a customs checkpoint in Johore, which borders Singapore.

A recent International Tin Council (ITC) report estimated about 6,000 tonnes of tin concentrates, probably from Malaysia, were smuggled to Singapore for smelting and re-export in the 12 months since July 1982.

Mr Ling said that in 1982 there were 4 cases of smuggling involving 73.8 tonnes of tin worth 2.1m ringgit, compared with 35 cases involving 35.9 tonnes of concentrates worth 1.3m ringgit in 1981.

Malaysian customs authorities were stepping up checks at exit points and on roads in the countr yto curb tin smuggling, which was adversely affecting export control measures imposed by the ITC.

He said the Government was finalising amendments to the existing law to give customs officers anr mine inspectors greater powers against smugglers and to increase penalties.

Disease could put oyster industry on the rocks

BY BARBARA DALZELL

THERE'S BEEN nothing like it since Lewis Carroll's oysters had their distressing encounter with the walrus species. Britain's oysters are now under attack from a smaller and less amusing enemy—bonamia, a parasite which attacks the blood cells.

Britain had its first bonamia outbreak last October in the River Fal in Cornwall. From there, it spread to the River Helford, to West Mersea and to Walton on the Naze.

French and Dutch experience of the disease indicates that it is highly infectious and the Ministry of Agriculture and Fisheries has responded by prohibiting the movement of oysters from specific beds.

Oyster farmers who find they have infected beds are being advised to destock. The Ministery is reluctant to issue guidelines on how long it takes to clear an infected bed

The disease is difficult to identify and isolate. The parasite operates rather like a malarial parasite.

It is not yet clear whether the disease itself is a killer—to oysters, not to oyster-eaters who remain unharmed—or whether it is fatal only in conjunction with stressful circumstances such as temperature changes or being moved to another bed.

The Shellfish Association of Great Britain remains guardedly optimistic about prospects for this year's harvest.

However, bonamia has a prolonged incubation period and more outbreaks could be reported by October or November, triggering shortages

Meanwhile, for those who feel that oyster-eating is a vital gastronomic duty in months with an "R," there is good news and bad news.

Oysters are still available and fish restaurants report no difficulties in getting supplies. Prices are higher, however. Sheekey's in London are selling Colchesters at £4.25 a half-dozen—up from £3.95 last year.

Reduced supply pushes up tea prices

By Our Commodities Staff

SHARPLY REDUCED supply pushed tea prices to the highest levels since the 1976-1977 boom at the London tea auction yesterday.

The average price for quality tea rose 5p to 160p per kilo. Medium quality was up 6p at 148p a kilo and low medium 6p at 136p. The highest price recorded was 180p a kilo cif for a container of broken orange Pekoe fannings.

The high prices at this week's auction reflect tight supply rather than strong demand.

Growing demand in producing countries, particularly India, the world's biggest producer and consumer of tea, has reduced stocks heavily, with the result that a smaller amount of early season supplies is avaliable for export.

Only 14,636 packages were available at the London auction yesterday compared with a recent average of about 50,000 packages.

Malaysia expects palm oil and rubber earnings to rise

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA EXPECTS to earn an extra 1.42bn ringgit (£402m) from rubber and palm oil exports this year because of firmer commodity prices.

In a major commodity review, *Datuk Paul Leong, the Malaysian* Minister of Primary Industries, said the Government expects the rubber price to average 250 Malaysian cents a kilo this year, compared with 201 cents last year.

Exports are expected at 1.51m tonnes this year compared with 1.378m tonnes last year. Rubber export revenue is expected at 3.775bn ringgit, a billion more than last year.

For palm oil, the average price this year is now expected to be around 1,005 ringgit per tonne against 829 ringgit last year, while exports are projected at 3m tonnes, compared with 2.8m tonnes in 1982.

Explaining why rubber and palm oil exports are expected to go up this year when output is lower than that of last year's, Datuk Leong said the higher prices encouraged producers to release stocks they withheld last year.

The Minister attributed the strong prices to the general *recovery in the industrialised* countries and bad weather which affected edible oil crops in the U.S., Brazil, Africa and the Philippines.

Meanwhile, a senior Malaysian official said the authorities might consider reducing the contract sizes for rubber futures on the new Kuala Lumpur market to 10 or 15 tonnes per lot.

He was commenting on complaints by traders on the Kuala Lumpur Commodities Exchange that the current 25-tonne lot *was too big and that speculators* preferred to trade in other rubber centres.

The 25-tonne lot for rubber, introduced on the exchange last week, is the same as that for palm oil, but in value terms it is two and a half times more expensive.

Jute talks aim to boost production

CALCUTTA—Major jute producers started a five-day conference *aimed at* securing mutual co-operation to boost production, Reuter reports.

Delegates from India, Bangladesh, Nepal, Indonesia, Thailand and some international agencies, including the Asian Development Bank, will discuss exchanges of plant, materials and technology. They will also consider pest and disease eradication measures.

● A FARMER-FINANCED programme to eradicate a killer pig disease from British herds is virtually complete, according to the *Pig Disease Eradication* Fund.

More than 325,000 pigs from 399 herds infected with Aujesky's disease, a herpes virus which kills piglets, have been slaughtered since the programme began early this year. Follow-up action to ensure that no "latent or lingering infection" exists in the country is now being considered.

● THE AMERICAN commodity markets were closed yesterday *because of the Labor* Day holiday.

● THE EEC beef and veal regime is explained in detail in a 44-page booklet published yesterday by the Meat and Livestock Commission. Price £3.

● CHINA REPORTS discovery of a cobalt deposit on Hainan Island. New China News Agency says the deposit is the largest yet discovered in the area and has a high mineral content.

● *UK CRUSHING* of oilseeds and nuts fell to 323,100 tonnes in the second quarter of 1983 from 458,600 tonnes in the equivalent period last year.

● A SOUTH African maize producers' committee has recommended introduction of domestic delivery quotas. It also recommended that the Government should take responsibility for the *maize* industry's debts and that payments for exported maize should be related to world prices. The Government is to consider the committee's findings.

● U.S. AGRICULTURE Secretary John Block said he doubted whether the newly signed five-year agreement to sell grain to the Soviet Union would be affected by the Korean airliner crash controversy.

● INDONESIA's rice needs for this year are projected at about 1.5m tonnes, down 500,000 tonnes from June estimates. The revised figure reflects smaller-than-expected 1982 drought losses and the Government's wish to cut foreign exchange spending.

● CHINA IS experimenting with fertiliser containing rare earths to boost wheat, rice, peanut and soyabean output by between 5-10 per cent. Such fertiliser, which can also enable rubber trees to produce more latex, and increases sugar content in cane, beet and watermelons, is now being used on 60,000 hectares. China did not say which rare earths are used in the fertiliser.

● INDIA'S TOTAL cotton exports rose to 800,000 bales (each of 170 kilos) worth Rs 1.8bn in the 1982-83 season from 375,000 bales in the previous season. Traders said a shortfall in the U.S. and Soviet Union cotton crops created a favourable export market for India last year, and levels are likely to be maintained in the current season.

● JAPAN'S synthetic rubber output rose 6 per cent to 483,048 tonnes in January to June, compared with the same period in 1982. An Iranian order for tyres last March was partly responsible for the increase in output. Higher natural rubber prices also increased demand for synthetic rubber.

● AUSTRALIAN Wheat Forecasters raised its forecast of the 1983-84 crop to 17.4m tonnes from the 17.15m tonnes forecast a month ago. The area estimate goes up from 12.96m hectares to 13.05m hectares.

● INDIA IS to buy 500,000 tonnes of wheat from Canada and says it will import more if necessary. The Canadian purchase will add to the 8.2m tonnes of wheat reserves used to keep prices down. This is the third consecutive year that India has imported wheat. It was self-reliant in wheat production briefly in the 1970s.

● WEST GERMAN sugar beet tests show average beet weight of 554 grammes, compared with 771 grammes at the same time last year.

● INDONESIA intends to continue its ban on coconut oil exports until domestic vegetable oil prices are more realistic. Agriculture Ministry officials say no controls are planned for palm oil.

● THE FRENCH sugar market intervention board has raised slightly its estimate of this year's European Community white sugar output to 10.89m tonnes from the 10.8m forecast a month ago. 1982-83 production was 13.94m tonnes.

● SRI LANKA will buy 50,000 tonnes of Canadian wheat from Romak SA of Geneva at $180.24 (£107.54) per tonne fob.

Leading futures exchanges optimistic

John Edwards explains why delegates were smiling at the Swiss Commodity Industry Association seminar

THERE were lots of happy faces at the Swiss Commodity Industry Association annual seminar at Burgenstock last week. It was not just the beautiful surroundings high above Lake Lucerne.

Among the 250 or so delegates, representatives from the world's 12 leading futures exchanges were able to report a continued expansion in trading activity, several successful new contracts and increased turnover in many established markets as a result of rising prices and disappearing surpluses.

A special session on "new products" revealed that the drive for continued expansion goes on, especially in the U.S. The New York Coffee, Sugar and Cocoa Exchange reported that it had plans for new contracts for totally different futures markets—housing starts, automobile sales, consumer price index and corporate earnings index.

Not many delegates understood how these would work, but they recalled having the same reaction to stock indices futures—now the fastest growing contracts in the U.S.

The Chicago Board of Trade, basking in the flow of booming grain markets, is hoping to win its court battle soon to introduce a Dow Jones type stock index and also launch soyabean options next year. But its chairman, Mr Tom Cunningham, admitted the crude oil contract had been "slow to get going."

Its deadly rival, the Chicago Mercantile Exchange, quoted a prediction that turnover on its highly successful Standard and Poors 500 *index could rise to* 1m contracts a day turnover in a few years when the institutions really started to use the market.

Although the Merc has no room for new markets until it moves into new premises in late November, next year could see contracts for currency options (probably Deutschemarks) and sub-indices for energy and high technology company shares.

However, a warning note that the futures industry might suffer from launching too many new contracts, too fast, was sounded by Dr Clayton Yeutter, president of the exchange. He noted that nine out of 10 new contracts were doomed to failure.

London exchanges were far less expansionist. The International Petroleum Exchange confirmed plans for a crude oil market later this year, followed by a gasoline futures contract, in the exchange's new three-ring premises.

But its chairman, Mr Robin Woodhead, felt only one winner would emerge from the current battle between Chicago and New York exchanges to launch *new energy contracts.*

Mr Ronald Gee, chairman of the London Gold Futures Market, said proposed contracts for platinum and silver futures had been put "on ice" and they were instead to concentrate on improving the existing gold contract.

Mr Philip Smith, chairman of the London Metal Exchange, said they were studying amendments to the higher grade copper contract, as a result of wirebars becoming obsolete. Proposals to reduce the silver contract lots from its present "too large" size of 10,000 ounces were also being considered.

Although the potential for financial futures contracts is said to be enormous, delegates at the seminar and exchange officials privately admitted they were worried by the proliferation of new markets dividing up the existing "cake" rather than enlarging it.

Dr Yeutter claimed that grain importing countries could have saved millions of dollars by using the *futures* markets earlier this year when prices were at rock bottom levels. He said a World Bank study group was investigating the use of futures markets by developing countries.

Meanwhile, the Swiss Commodity Industry Association itself wants to expand its influence with the launch of an International Futures and Commodities Institute in Geneva.

Mr F. Prisi, chairman of the association, said the principal objective of the institute will be to provide training

With membership continuing to expand, the Swiss Commodity Industries Association has already carved itself an important niche in providing an annual forum in Europe for the futures industry to get together and discuss its problems.

The only shadow over the proceedings was concern about the current dispute between the U.S. and Swiss governments over the Marc Rich case.

Mr Philip Johnson, former chairman of the U.S. Commodities Futures Trading Commission, felt it was all a bit of a misunderstanding. But he was pessimistic about the problems of reconciling the varied approaches in different countries towards futures trading.

PRICE CHANGES

In tonnes unless stated otherwise	Sept. 5 1983	+ or —	Month ago
Metals			
Aluminium	£1050	....	£950
Free Mkt	$1655/1685	....	$1555/595
Copper			
Cash h grade	£1071.5	—4	£1107.5
3 mths	£1098.25	—3.5	£1135.25
Cash Cathode	£1039	—3.5	£1072
3 months	£1065.25	—4	£1102
Gold troy oz	$419.375	+1.75	$408.625
Lead Cash	£266	—0.75	£267.5
3 months	£275.75	—0.625	£277.25
Nickel	£4646.34	....	£4625.95
Free mkt	225/255c	....	215/235c
Palladium	$156.25	+1.75	$141.75
Platinum	£296.80	+1	£285.75
Quicksilver†	$280/290	....	$280/290
Silver troy oz	822.10p	+6.15	779.70p
3 mths	851.70p	+6.55	797.90p
Tin cash	£8619	—1.0	£8647.5
3 month	£8732.5	+5	£8742.5
Tungsten	$74.81	....	$82.75
Wolfsm 22.04 lb	$74/78	....	$74/77
Zinc Cash	£577.5	+0.5	£515
3 mths	£593.25	—0.25	£530.25
Producers	$880	....	$820

	Sept. 5 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$990y	+20	$1025
Groundnut	$1037.5y	+2.5	£900
Linseed Crude	£495.35	....	£400
Palm Malayan	‡	....	$520
Seeds			
Copra Phil	$640x	....	$660
Soyabean (U.S.)	‡	....	$323.70
Grains			
Barley Fut. Nov	£119.50	+0.05	£116.55
Maize	£144.00	....	£1420
Wheat Fut. Nov	£125.40	+0.50	£122.70
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1478	—18	£1677
Fut. Dec	£1422.5	—18	£1621.5
Coffee Ft. Nov	£1697.5	—5	£1699.5
Cotton A. Index	92.35c	+0.2	90.50c
Gas Oil Oct	$257.5	—0.5	$259
Rubber kilo)	78.5p	....	79p
Sugar (Raw)	£162y	—1.5	£186
Woolt'ps 64s.	393p kilo	....	395pkilo

‡ Unquoted. z Aug-Sept. u Nov. y Sept-Oct. x Oct-Nov. v Oct. † Per 16lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.75	....
Iranian Light	28.15	—0.07
Arabian Heavy	26.70	+0.05
North Sea (Forties)	30.65	—0.02
North Sea (Brent)	30.85	....
African(Bonny Li'ht)	31.00	—0.02
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	298-300	—1.5
Gas oil	252-256	—0.5
Heavy fuel oil	170-172	+0.5

GAS OIL FUTURES

Trading started at unchanged levels, moving lower but staying in a very narrow range throughout the day. The New York holiday kept activity at a very low level, reports Premier Man.

Turnover: 661 (1,272) lots of 100 tonnes.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Sept.	254.50	—0.75	255.50-54.25
Oct	257.50	—0.55	258.50-57.25
Nov	260.50	—1.25	261.75-65.25
Dec	262.75	—0.75	263.50-62.75
Jan	261.00	—0.75	262.00-61.00
Feb	257.50	—0.50	258.75-57.50
Mar	255.00	—1.00	255.50-55.25
April	253.75	+0.75	254.00-53.50
May	250.00	—	—

GOLD MARKETS

Gold rose $1¼ an ounce from Friday's close in the London bullion market yesterday to finish at $419-419¼. The metal opened at $420¼-421 and traded between a high of $420¾-421¼ and a low of $419-419¼. The firmer trend reflected a softening in U.S. interest rates following better than expected U.S. money supply figures. Trading was restricted by the closure of U.S. centres for a holiday.

In Frankfur the 12½ kilo bar was fixed at DM 36,280 per kilo ($420.99 per ounce) against DM 36,470 ($419.98) and closed at $418-419¼ from $417½-418.

In Paris the 12½ kilo bar was fixed at FFr 108,900 per kilo ($419.66 per ounce) in the afternoon compared with FFr 109,000 ($419.97) in the morning and FFr 109,500 ($418.66) on Friday afternoon.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $418.75 from $416.25.

In Zurich gold finished at $418-421 against $417-420.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Sept	418.00-20.0	+2.500	—
Oct	421.50-22.5	+2.250	424.10-23.2
Nov.	425.00-26.5	+1.750	—
Dec.	429.00-29.5	+2.400	431.10-29.2
Jan.	432.50-33.5	+2.000	—
Feb.	436.00-37.5	+2.250	—
Mar.	440.00-41.5	+4.250	—

Turnover: 416 (546) lots of 100 troy ounces.

	Sept. 5		Sept. 2	
Gold Bullion (fine ounce)				
Close	$419-419¼	(£279-279¼)	$417¼-418	(£278¾-279¼)
Opening	$420¼-421	(£280-280½)	$417¾-418½	(£279-279½)
Morning fixing	$420	(£279.871)	$418.30	(£279.426)
Afternoon fixing	$419.10	(£278.879)	$417.50	(£279.264)

Gold Coins Sept. 5					
Krugrnd	$432-432¾	(£287¼-288½)	King Sov	$100½-102	(£67-68
½ Krg	$222¼-223¼	(£148-148¾)	Victoria Sov	$100½-103	(£67-68
¼ Krg	$113¼-114¼	(£75½-76)	French 20s	$83¾-85½	(£55¾-57
1/10 Krug	$46-47	(£30¾-31¼)	50 pesos Mex	$513-515	(£341¾-343
Mapleleaf	$432-433	(£287¼-288½)	100 Cor. Aust	$411-414	(£273¾-275¾
New Sov	$98¾-99¼	(£65¾-66¼)	$20 Eagles	$600-610	(£399¾-406¼
½ New Sov	$59-61	(£39¼-40½)			

EUROPEAN MARKETS

ROTTERDAM, Sept 5.

Wheat—(U.S. $ per tonne): U.S. Two Red Winter Sept 169.50, Oct 178, Nov 179.50, Dec 180. U.S. Northern Spring 14 per cent protein Sept 187, Oct 186.50, Nov 188.50, Dec 192.50. U.S. Three Amber Durum Sept 210, Oct 212, Nov 215.75. Canadian Western Spring Sept 10,Oct 10 213, Nov 214.

Maize—(U.S. $ per tonne): U.S. Three Yellow Aug 169.50, Sept 165.50, Oct 160, Nov 160.50, Dec 161.75, Oct/Dec 160.75, Jan/Mar 166.50, April/June 168 sellers. Argentine afloat 170, Sept 170, Oct 176 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent Aug 283, Sept 283, Oct 283, Nov/Mar 292 sellers. Pellets Brazil afloat 295, Aug 299, Sept 295, Oct 304, Nov 310 sellers. Pellets Argentine afloat 292, Aug 293, Sept 295, Oct 297, Nov 301, Jan/Mar 305 sellers.

PARIS, Sept. 5.

Cocoa—(FFr per 100 kg): Sept 1656/1665, Dec 1736/1738, Mar 1765/1770, May 1790 bid, July 1830 bid, Sept 1860 bid, Dec 1875 bid.

Sugar—(FFr per tonne): Oct 2251/2252, Dec 2420/2425, Mar 2585/2589, May 2678/2685, Aug 2750/2760, Oct 2800/2811.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were little changed in quiet and routine trading on the London Metal Exchange, with business stifled by the closure of U.S. markets for the Labor Day holiday. Copper ended the day at £1,098.25, Tin closed at £8,737.5 and Lead at £276.25. Zinc was finally quoted at £593.5, while Aluminium closed at £1,139.5 and Nickel at £3,452.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1070-.5	—2.25	1071-2	—4
3 months	1096-.5	—2	1098-.5	—3.5
settlem't	1070.5	—2.5	—	......
Cathodes				
Cash	1039-.5	+.25	1038-40	—3.5
3 months	1065-.5	—.5	1065-.5	—4
Settlem't	1039.5	—	—	
U.S. prod.	—	—	*77-81	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,070.50, 70.00, three months £1,097.00, 97.50, 98.00, 99.00, 99.50, 99.00, 98.50, 98, 98.50, 96.00. Cathodes: Three months £1,065.50. Kerb: Higher Grade: Three months £1,097.00, 98.00, 99.00. Afternoon: Higher Grade: Three months £1,099.00, 98.50, 98.00, 98.50. Kerb: High Grade: Three months £1,098.00, 98.50, 99.00, 1,100.00, 1,099.00. Turnover: 17,050 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8620-5	+62.5	8623-5	—13.5
3 months	8730-5	—5	8733-8	—2
Settlem't	8625	+50	—	......
Standard.				
Cash	8615-20	+62.5	8618-20	—1
3 months	8730-2	+31	8730-5	+5
Settlem't	8620	+58	—	......
Straits E.	$30.36	+0.06	—	......
New York				

Tin—Morning: Standard: Cash £8,620, three months £8,740, 45, 40, 35, 30. Kerb: Standard: Three months £8,732, 30. High Grade: Three months £8,730, 8,735. Afternoon: Standard: Cash £8,620, 18, three months £8,740, 38, 35. High Grade: Three months £8,735.38. Kerb: Standard: Three months £8,730, 35. Turnover: 3,855 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	267-.25	+8.75	266-6.6	—.75
3 months	277-.5	+1.5	275.5-.6	—.625
Settlem't	267.25	+1.25	—	......
U.S. Spot	—	......	*19-24	......

Lead—Morning: Cash £267, three months £277.50, 77, 76.50, 77. Kerb: Three months £277. Afternoon: Three months £276.50, 76. Kerb: Three months £276. Turnover: 12,300 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	578.5-9	—1	577-8	+0.5
3 months	593.5-4.5	-1.25	595-.5	+0.25
Settlem't	579	—.5	—	......
Primw'ts	—	......	*43-.75	......

Zinc—Morning: Cash £578, 78.25, three months £594, 93.50, 94. Kerb: Three months £594.50. Afternoon: Three months £593.50, 94, 93.50. Kerb: Three months £593, 92, 93, 93.50. Turnover: 6,450 tonnes.

ALUMINIUM

Aluminim	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1112.5-5	+2.25	1118-.5-5.5	+8
3 months	1141-.5	+2.5	1142.5-3	+2.25

Aluminium—Morning: Cash £1,113, three months £1,143.50, 43, 42.50, 42, 41.50, 41. Kerb: Three months £1,141. Afternoon: Three months £1,142, 40.50, 41.50, 43. Kerb: Three months £1,143.50, 42, 41, 42, 41.50, 42, 41, 40.50, 40. Turnover: 27,550 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3368-70	—28.5	3360-70	—15
3 months	3455-8	—19	3452-4	—7

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel — Morning: Three months £3,455, 57, 56. Kerb: Three months £3,455. Afternoon: Three months £3,455, 54. Kerb: Three months £3,455. Turnover: 676 tonnes.

SILVER

LME—Turnover: 98 (64) lots of 10,000 ounces. Morning: Three months 842.5, 42.0, 43.0, 42.0. Kerb: three months 841.5. Afternoon: three months 845.0. Kerb: three months 844.0.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	822.10p	+6.15	824.8p	+10.8
3 months	841.70p	+6.55	844.5p	+11.4
6 months	862.40p	+7.20	—	......
12months	903.40p	+7.20	—	......

Silver was fixed 6.15p an ounce higher for spot delivery in the London bullion market yesterday at 822.1p. U.S. equivalents of the fixing levels were: *spot $12.34, up 15c; three-month* $12.651, up 15.9c; six-month $12.977, up 16.1c; and 12-month $13.632, up 17.6c. The metal opened at 823-825½p ($12.36-$12.40) and closed at 819½-822p ($12.31-$12.36).

COCOA

After being £20 steadier futures eased sharply during the afternoon session to close at the lows of the day. The lower levels failed to stimulate physicals and only light activity was noted, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£per tonne		
Sept.	1366-86	—22.0	1416-85
Dec.	1422-23	—16.0	1460-21
March	1433-34	—18.0	1468-33
May	1450-51	—19.0	1479-50
July	1464-68	—17.5	1493-68
Sept.	1480-82	—10.0	1505-82
Dec.	1486-87	—13.0	1510-86

Sales: 2,880 (7,234) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound): Daily price for Sept 2: 95.27 (96.69): five-day average for Sept 5: 98.71 (99.68).

COFFEE

During a quiet session, prices traded in a narrow range in poor volume, reports Drexel Burnham Lambert. The absence of news and physical activity once again dampened interest and values closed slightly lower on the day.

COFFEE	Yest'day's Close	+ or —	Business Done
Sept.	1706-07	—1.5	1709-08
Nov.	1697-98	—5.0	1702-96
January	1684-85	—4.5	1690-83
March	1652-54	—0.5	1656-53
May	1620-21	—3.0	1621-20
July	1595-02	—5.0	—
Sept.	1588-89	+1.0	1588

Sales: 568 (1,305) lots of 5 tonnes.

ICO Indicator prices (U.S. cents per pound) for September 2: Comp. daily 1979 128.03 (126.15); 15-day average 128.11 (125.98).

GRAINS

Business done—Wheat: Sept 123.75-3.60, Nov 125.40-5.15, Jan 128.35-8.10, Mar 130.95-30.75, May 133.60-3.35, July untraded. Sales: 158 lots of 100 tonnes. Barley: Sept 116.85-6.60, Nov 119.85-9.50, Jan 122.90-2.70, Mar 125.60-5.40, May 127.90-7.75. Sales: 164 lots of 100 tonnes.

WHEAT			BARLEY	
Mnth.	Yestrday's close	+ or —	Yest'day's close	+ or —
Sep.	123.80	+0.80	116.65	+0.50
Nov.	125.40	+0.50	119.50	+0.05
Jan	128.35	+0.50	122.60	+0.05
Mar.	130.95	+0.45	125.40	+0.10
May	133.60	+0.50	127.80	+0.20
July	136.75	+0.55	—	—

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Sept 134.50, Oct 134.75, Nov 136, Dec 138.50 transhipment East Coast seller. English *Feed fob Sept 124, Oct 126, Oct/Dec* 128, Dec 129.25 sellers East Coast, Jan 132.50 paid East Coast. Maize: French Sept 144 transhipment East Coast seller. Barley: English Feed fob Sept 119.50, Oct 124, Nov 126, Jan/March 129 East Coast sellers. Rest unquoted.

HGCA—Locational ex-farm prices. Feed Barley: E. Mids 112.10, N. East 112.90, Scotland 112.80. The UK monetary coefficient for the week beginning Monday September 12 (based on HGCA calculations using four days exchange rates) is expected to remain unchanged.

POTATOES

Month	Yestday's close	Previous close	Business Done
	£ per tonne		
Nov.	175.30	171.80	177.0-175.0
Feb.	209.00	203.80	210.0-208.0
April	241.20	233.00	243.0-238.0
May	246.00	238.50	248.0-238.0
Nov.	85.50	85.50	—

Turnover: 1,126 (774) lots of 40 tonnes.

After a strong opening, trading to £10 higher on steadier Dutch futures and a firm physical market, sellers emerged mid-afternoon, trimming up to £5 from gains, before prices again strengthened towards the close, reports Coley and Harper.

RUBBER

The physical market opened easier, attracted little interest throughout the day and closed dull, reported Lewis and Peat. The Kuala Lumpur September fob price for RSS No 1 was 262.0 (264.5) cents a kg and for SMR20 224.5. (226.5).

No. 1 R.S.S.	Yestday's close	Previous close	Business Done
	£ per tonne		
Oct	792-795	789-792	795-790
Nov	790-795	780-795	—
Oct-Dec	791-792	785-787	791-780
JanMch	811-812	810-811	815-808
Apl-Jne.	830-831	830-831	831-822
Jly-Sept	849-850	848-850	849-848
Oct-Dec	867-869	867-868	—
JanMch	888-889	887-890	888
Apl-Jne	905-909	906-910	—

Sales: 273 (102) lots of 15 tonnes 29 (5) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 78.50p (same); Oct 80.00p (80.75p); Nov 80.50p (81.25p).

SOYABEAN MEAL

The market opened limit-up bid, reports T. G. Roddick. Trade was thin and prices eased slightly during the day.

	Yestday's close	+ or —	Business Done
	£ per tonne		
October	195.50-94.00	+4.50	194.50-89.50
Dec.	198.50-00.00	+4.85	200.40-95.00
Feb.	202.50-03.00	+4.60	202.50
April	201.50-01.90	+5.18	201.50-00.50
June.	199.50-99.80	+6.10	199.50
August	198.00-00.00	+5.00	—
October	195.00-00.00	+5.00	—

Sales: 158 (163) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £162.00 (£163.50) a tonne for Sept-Oct shipment. White sugar £183.50 (£184.00).

Prices showed little change from pre-weekend levels in very quiet trading conditons with New York closed, reports C. Czarnikow.

No.4 Contract	Yest day's close	Previous close	Business done
	£ per tonne		
Oct.	174.25-74.50	175.50-75.75	174.50-73.80
Dec.	181.75-82.50	180.00-81.00	182.50-81.50
Mar.	193.00-93.50	192.00-92.25	193.50-92.00
May.	197.75-98.50	196.50-97.25	198.00-97.50

Sales: 969 (1,933) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.9 (same) a tonne for home trade and £272.00 (£273.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for September 2: Daily *price* 10.04 (9.95): 15-day *average* 10.18 (10.19).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct 420, 422, 425-424; Dec 420, 422, 425; Jan 422, 424, 425-422; Mar 431, 432, 434-433; May 440, 443, 443-442; Aug 452, 454, nil; Oct 454, 456, 455; Dec 460, 462, 461; Jan 462, 565, nil; Mar 469, 473, 472. Sales: 47.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 560.0, 562.0, untraded; Dec 569.0, 570.0, 569.0-568.0; March 586.0, 586.5, 587.0-586.0; May 599.0, 604.0, untraded; July 612.0, 614.0, 614.0; Oct 606.4, 610.0, untraded; Dec 614.0, 616.0, 615.0; March 620.0, 628.0, untraded. Sales: 32.

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.56p per kg lw (+0.39). GB—Sheep 125.32p per kg est dcw (+11.29). GB—Pigs 71.14p per kg lw (+4.47).

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 78.0-82.0; Eire hindquarters 82.5-88.0. Veal — Dutch hinds and ends 140.0-145.0. Lamb—English small 60.0-64.0, medium 56.0-60.0, heavy 54.0-56.0; Imported: New Zealand PL 57.8-58.5. Pork — English under 100 lb 40.0-50.0, 100-120 lb 39.0-49.0, 120-160 lb 41.0-48.0.

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £4.50-£7.00, codlings £2.50-£4.50; medium haddock £3.40-£4.00, *small* £1.60-£2.40; large plaice £4.80-£5.20, medium £4.00-£5.00, best small £4.00-£5.60; skinned dogfish (large) £8.50, (medium) £5.00; lemon sole (large) £8.00, (small) £6.00; rockfish £3.00-£4.00.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Tambros—Outspan: 6.00-6.50. Tangerines—Brazilian: Honey, tray 4.70-5.20. Murcots 3.50-4.00. Oranges—Outspan: Valencia lates 40 6.00, 48 6.80, 56 7.70, 72 7.40, 88 7.00, 112 6.10, 138 5.80, 150 5.00. Lemons—Outspan: carton 12.00-14.50; Uruguayan: carton 12.00-14.00; Spanish: 5-kg 4.50-5.00; Italian: carton 9.00-10.00. Grapefruit—Outspan: 27 5.70, 32 6.70, 36 6.90, 40 6.80, 48 7.40, 56 7.40, 64 7.40, 72 5.00: Honduras: box 6.50-7.00. Apples—French: Golden delicious (new crop) carton 6.00-6.20, half-carton 3.20-3.40; Spanish: Golden delicious (new crop) 5.50-6.00, Granny Smith 10.50-11.00. Pears—French: per lb Williams 0.14-0.15; Italian: Williams 0.15-0.20. Grapes—Italian: per lb Regina 0.22-0.25, Alphonse 0.35-0.36, Italia 0.38-0.40; Spanish: Italia 0.35-0.40, Alphonse 0.25-0.26: Greek: Sultana 0.22-0.24; French: Alphonse 0.25-0.26. Peaches—Italian: large trays 2.20-2.80; French: 2.00-2.80. Nectarines Italian: large trays 3.80-4.80. Plums—Italian: per b giants 0.18-0.20, Stanley 0.16-0.18, *President* 0.22-0.24. Gages—*Spanish:* tray 2.00-2.40. Water-melons—Spanish: 15-kg 3.60-3.80. Melons—Spanish: Yellow 10-kg 2.80-3.20: French: large trays Charentais 5.00-5.50, Galia large trays 4.00-4.50. Bananas—Colombian: 40-lb boxes 10.60-11.00. Avocados—South African: 5.50-6.00; Kenyan: 5.00-5.50. Paw Paws—Brazilian: 7.00-7.50. Mangoes—Mexican: box 8.00-9.00; Israeli: 8.00-8.50. Fennel—Dutch: 5-kg 5.20-5.50. Kiwifruit—New Zealand: 8.20-8.50. Tomatoes—Dutch: tray 2.40-2.60, Beefsteak 3.50-3.80. Aubergines—Dutch: 5-kg 3.50-3.80. Onions—Spanish: grand 25-kg nets 3.80-4.00; Dutch: 60/70mm 4.00-4.20. Capsicums—Dutch: Yellow 7.50, Green 3.50, Red 4.50-5.00. Cabbages—Dutch: Red 8.00, White 8.50. Courgettes—Jersey: 12-lb 2.40-3.00. Potatoes—*Cyprus: 44-lb bag* 4.50-4.60. Sugar Peas—Kenyan: per lb 2.00.

English Produce: Apples—Per pound, Bramley new season 0.12-0.15, Howgate 0.09-0.10, Discovery 0.12-0.18, Tydeman's Worcester 0.14-0.16, Worcester Pearmain 0.16-0.20, Derby 0.10. Pears—Williams per pound 0.10-0.12, Conference 0.14-0.15. Strawberries—8-oz 0.40-0.60 according to condition. Raspberries—4-oz punnets 0.50-0.60 according to quality. Blackberries—8-oz 0.20-0.22. Plums—Per pound Damsons 0.18-0.20, Victories 0.16-0.18, Bush 0.10-0.12. New Potatoes—4.80-5.50. Mushrooms—Per pound, open 0.60-0.70, closed 0.90-1.10. Lettuce—Per tray round 1.20-1.40, Webb's 2.20-2.40, Cos 1.80-2.00, Iceberg, per dozen 7.50-8.00. Onions—Per 55-lb 3.80-4.00. Cabbages—Per 25-lb Primo 4.00-4.80. Greens—28-lb, Kent 2.60-3.00. Cauliflowers—12s Lincoln 4.50-5.[illegible]. Cucumbers—2.20-3.00. Tomatoes—Hothouse, 12-lb 1.80-2.00. Celery—3.50-4.00. Beetroots—28-lb 3.40-3.60. Turnips—28-lb 3.50. Stick Beans—Per pound 0.10-0.16. Swedes—28-lb 2.60-2.80. Sugar Peas—Per pound 1.60-2.00. Capsicums—Green per pound 0.22-0.25. Corn Cobs—Each 0.08-0.14. Leeks—Per pound 0.30. Carrots—28-lb 2.80-3.00. Parsnips—28-lb 3.50-3.60.

INDICES

FINANCIAL TIMES

Sept. 5	Sept. 2	M'th ago	Y'ar ago
291.77	291.95	287.91	232.94

(Base: July 1 1952=100)

REUTERS

Sept. 5	Sept. 2	M'th ago	Y'ar ago
1911.2	1909.8	1943.0	1536.3

(Base: September 18 1931=100)

MOODY'S

Sept.2	Sept.1	M'th ago	Y'ar ago
1081.4	1083.6	1079.3	1019.8

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Sept. 2	Sept. 1	Month ago	Year ago
Spot	145.54	144.78	144.93	130.37
Fut's	151.08	150.23	149.77	133.85

(December 31 1931=100)

● WILDLIFE LINK, an umbrella organisation representing conservation groups, has written to Scottish Secretary George Younger, urging him not to issue licences for killing grey seals during the autumn breeding season. The conservationists argue that an increase in the seal herd has only a marginal effect on fisheries' interests.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases on money supply figures

The dollar was weaker in currency markets yesterday following an unexpected fall in U.S. M1 money supply figures on Friday. Selling was prevalent in Far Eastern markets with Euro-dollar rates losing around ¼ of a point and overnight Federal funds easing to 9⅜ per cent from 9⅝ per cent. Early trading in London saw the dollar marked down to reflect these new levels but activity slackened noticeably soon after, reflecting the closure of U.S. and Canadian markets for Labor Day. The dollar did finish above the day's lows however. This was partly a technical reaction to its fall over the weekend but also mirrored market fears concerning U.S. money supply for the rest of this month with a technical bulge expected to coincide with the Fed's next refunding package and combining to put upward pressure on rates.

Sterling was slightly firmer overall in very quiet trading.

DOLLAR — Trade weighted index (Bank of England) 129.1 against 119.9 six months ago. The latest figures on money supply have given rise to cautious optimism, although fears remain about a September bulge in M1. The dollar has recently been at record levels on fears of higher U.S. interest rates, as a result of the U.S. budget deficit and money supply growth.

The dollar closed some way towards its best level of the day at DM 2.6840 from DM 2.6950 and SwFr 2.1770 against SwFr 2.1880. Against the French it slipped to FFr 8.0775 from FFr 8.1025 and Y246.0 from Y246.75.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. August average 1.5027. Trade weighted index 85.4 against 85.3 at noon, the opening and Friday's close and compared with 79.6 six months ago. The pound has been steady to firm recently, despite the volatility of the dollar. The absence of the Bank of England in international central bank intervention intended to stop the dollar's rise, caused only a temporary softening of sterling, which has generally held up well against the U.S. currency and Continentals.

Sterling traded within a very narrow range against the dollar. It opened at $1.5020-1.5030 and was confined to a spread of $1.4970-1.5060. It closed at $1.4995-1.5005, a rise of 45 points from Friday's close. Against the D-mark it slipped to DM 4.0275 from DM 4.0325 and SwFr 3.2650 from SwFr 3.2750. It was also lower against the French franc at FFr 12.11 from FFr 12.1150 and Y369.0 against Y369.25.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. August average 2.6736. Trade weighted index 125.5 against 129.2 six months ago. Until the recent slowdown in U.S. M1 money supply growth, the dollar was at its highest level for nearly 10 years against the D-mark, reflecting the large differential between U.S. and German interest rates. A softer trend in U.S. interest rates may now be sufficient to put off a rise in German interest rates however.

The D-mark showed a small overall improvement yesterday although it failed to hold its best levels. The latest economic indicators pointed towards only slow economic growth and this was seen as hampering any attempts by the Bundesbank to use interest rates as a weapon to help the D-mark against the dollar and curtail domestic money supply. However, the dollar was weaker as U.S. rates fell and the U.S. unit was fixed at DM 2.6811, up from an opening level of DM 2.6755 but down from Friday's fixing of DM 2.7003. The Bundesbank sold an estimated $24.3m at the fixing. Elsewhere, sterling was fixed at DM 4.0250 from DM 4.0370.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.8040	+2.01	+1.22	±1.5447
Danish Krone ...	8.14104	8.19179	+0.62	−0.17	±1.6425
German D-Mark	2.24184	2.27842	+1.63	+0.84	±1.0842
French Franc ...	6.87456	6.85851	−0.23	−1.02	±1.4052
Dutch Guilder ...	2.52595	2.54820	+0.88	+0.09	±1.4864
Irish Punt	0.72569	0.724309	−0.19	−0.98	±1.6699
Italian Lira	1403.49	1358.85	−3.18	−3.18	±4.1605

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Sept. 5	£	$		£ Note Rates
Argentina Peso...	17.07-17.13	11.376-11.396	Austria..........	27.75-28.05
Australia Dollar...	1.7075-1.7095	1.1400-1.1405	Belgium..........	81.00-81.80
Brazil Cruzeiro...	1,024.82-1,028.22	682.0-685.0	Denmark..........	14.52-14.66
Finland Markka...	8.5835-8.6100	5.7320-5.7340	France..........	12.07-12.20
Greek Drachma...	138.86-139.31	92.40-92.60	Germany..........	4.01-4.05
Hong Kong Dollar	11.44¼-11.47¼	7.6350-7.6450	Italy..........	2370-2410
Iran Rial........	130.95*	87.60*	Japan..........	369-373
Kuwait Dinar(KD)	0.438-0.4439	0.2920-0.2921	Netherlands..........	4.48-4.52
Luxembourg Fr...	[illegible]	[illegible]	Norway..........	11.15-11.26
Malaysia Dollar...	[illegible]	[illegible]	Portugal..........	184-205
New Zealand Dlr.	[illegible]	[illegible]	Spain..........	218-234
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden..........	11.80-11.90
Singapore Dollar	[illegible]	[illegible]	Switzerland..........	3.22-3.28
Sth African Rand	[illegible]	[illegible]	United States..........	1.49-1.52
U.A.E. Dirham...	[illegible]	[illegible]	Yugoslavia..........	186-198

* Selling rates.

CURRENCY MOVEMENTS

Sept. 5	Bank of England Index	Morgan Guaranty Change %
Sterling..........	85.4	Unavail.
U.S. dollar..........	129.1	"
Canadian dollar....	93.0	"
Austrian schilling.	117.3	"
Belgian franc	91.0	"
Danish kroner	79.6	"
Deutsche mark. ...	125.5	"
Swiss franc.......	150.7	"
Guilder..........	115.4	"
French franc	67.7	"
Lira..........	50.3	"
Yen..........	146.5	"

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

SEPT. 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	N/A	0.585362
U.S. $	8½	N/A	0.848891
Canadian$ ..	9.54	*	1.04414
Austria Sch	3¾	N/A	16.0016
Belgian F ...	9	N/A	45.8040
Danish Kr....	7½	N/A	8.19179
D mark	4	N/A	2.27842
Guilder	4½	N/A	2.54820
French F......	9½	N/A	6.85861
Lira	17	N/A	1358.86
Yen	5½	N/A	208.997
Norwgn Kr...	9	N/A	6.33697
Spanish Pta	—	N/A	128.734
Swedish Kr	8½	N/A	6.70114
Swiss Fr	4	N/A	1.84719
Greek Dr'ch	20½	N/A	78.6562

*CS/SDR rate for Sept 2: 1.28865.

THE POUND SPOT AND FORWARD

Sept 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4970-1.5060	1.4995-1.5005	0.02-0.07c dis	−0.36	0.17-0.22dis	−0.52
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.54
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.44
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.16
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.88
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 81.30-81.40. Six-month forward dollar 0.38-0.43c dis. 12-month 0.73-0.83c dis.

THE DOLLAR SPOT AND FORWARD

Sept 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4970-1.5060	1.4995-1.5005	0.02-0.07c dis	−0.36	0.17-0.22dis	−0.52
Ireland†	1.1710-1.1765	1.1720-1.1730	0.33-0.28c pm	3.12	0.86-0.76 pm	2.76
Canada	1.2295-1.2320	1.2305-1.2310	0.09-0.06c pm	0.73	0.23-0.20 pm	0.70
Nethlnd.	2.9975-3.0035	3.0000-3.0020	1.03-0.93c pm	3.92	2.95-2.85 pm	3.73
Belgium	53.90-54.05	53.98-54.00	5½-4½c pm	1.11	12-10 pm	0.81
Denmark	9.6325-9.6500	9.6420-9.6470	1.70-2.20ore dis	−2.42	0.15p-0.35d	−0.04
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible].

EXCHANGE CROSS RATES

Sept. 5	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.500	4.028	369.0	12.11	3.265	4.505	2400.	1.845	81.00
U.S. Dollar	0.667	1.	2.685	246.0	8.073	2.177	3.003	1600.	1.230	54.00
Deutschmark	0.248	0.372	1.	91.62	3.007	0.811	1.118	595.9	0.458	20.11
Japanese Yen 1,000	2.710	4.065	10.91	1000.	32.82	8.848	12.21	6504.	5.001	219.5
French Franc 10	0.826	1.239	3.326	304.7	10.	2.696	3.720	1982.	1.524	66.89
Swiss Franc	0.306	0.459	1.234	113.0	3.709	1.	1.380	735.1	0.565	24.81
Dutch Guilder	0.222	0.333	0.894	81.91	2.688	0.725	1.	532.7	0.410	17.98
Italian Lira 1,000	0.417	0.625	1.678	153.8	5.046	1.360	1.877	1000.	0.769	33.75
Canadian Dollar	0.542	0.813	2.182	199.9	6.562	1.769	2.441	1300.	1.	43.89
Belgian Franc 100	1.235	1.852	4.972	455.6	14.95	4.031	5.562	2963.	2.278	100.

FINANCIAL FUTURES

Eurodollars firm

Eurodollar prices were firmer in the London International Financial Futures Exchange yesterday. The stronger tone was principally a reflection of a softer cash market, following better-than-expected U.S. money supply figures. A fall of $1.4bn in M1 came as something of a surprise and means that all three monetary definitions are now within the Fed's target range. However since the market is currently concentrating on one number, the prospect of a bulge in money supply later this month together with the Fed's next refunding package, limited the extent of yesterday's rally.

The December price opened at 89.40 up from 89.21 at Friday's close and touched a best level of 89.46 which was also the closing level.

The long gilt contract also posted useful gains, helped by a stronger tone to the U.S. bond market on Friday. For December delivery the price opened at 103-28 up from 103-11 and progressed to a best level of 104-03 before closing at 103-28.

Gains in the sterling deposit contract mirrored a small decline in the cash market with short-term interest rates finishing the day on a very soft note following comfortable conditions in the money market. Period rates were slightly easier but once again there appeared to be little firm commitment in view of current uncertainty over U.S. interest rates.

In the table below, the Chicago Financial Futures Exchange prices are for September 2. Prices quoted for London are as at September 5.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	90.04	90.10	90.03	89.86
Dec	89.46	89.46	89.40	89.21
March	89.18	89.18	89.12	88.91
June	88.94	88.95	88.92	88.70
Sept	88.72	—	—	88.40

Volume 946 (1,144).
Previous day's open int. 5,255 (5,266).

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

Previous day's open int. 4,043 (4,091)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

Basis quote (clean cash price of 13¼% Treasury 1996 less equivalent price of near futures contract) [illegible]

STERLING £25,000 $ per £

SWISS FRANCS
SwFr 125,000 $ per SwFr

DEUTSCHE MARKS DM125,000 $ per DM

JAPANESE YEN Y12.5m $ per Y100

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Close	High	Low	Prev
Sept	69-24	69-27	69-21	69-30
Dec	69-06	69-10	69-03	69-12
March	68-23	68-27	68-19	68-29
June	68-11	68-13	68-09	68-17
Sept	68-01	68-03	67-31	68-07
Dec	67-24	67-25	67-22	67-30
March	67-16	67-17	67-15	67-22
June	67-10	—	—	67-15

U.S. TREASURY BILLS (IMM)
$1m points of 100%

CERT. DEPOSIT (IMM)
$1m points of 100%

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

STERLING (IMM) $ per £

GNMA (CBT) 8% $100,000 32nds of 100 per cent

MONEY MARKETS

UK money rates easier

UK clearing bank base lending rate 9½ per cent (since June 14)

UK interest rates were mostly easier yesterday in rather subdued trading. The market took heart from better-than-expected U.S. money supply figures and a consequent fall in U.S. interest rates. However, the market appears to be adopting a wait and see attitude for the time being with any sustained easing in rates likely to be countered by the possibility of firmer U.S. rates later this month. Yesterday the Bank of England forecast a surplus of around £50m although this was later revised to £100m and then back to £50m. Factors affecting the market included maturing assistance and a take up of Treasury bills —£216m offset by Exchequer transactions of +£30m and a fall in the note circulation of £240m.

There was no intervention by the Bank in the morning or afternoon. Consequently overnight interbank rates eased considerably, having opened at 9¼-9½ per cent. Early business was soon conducted down at 9 per cent and rates drifted through 5-6 per cent in early afternoon to finish nearer 3 per cent.

In Frankfurt call money remained firm at 5.1-5.2 per cent, reflecting continued speculation that Thursday's meeting of the Bundesbank central council will herald a rise in the Lombard rate, currently standing at 5 per cent. Borrowing through this facility has risen sharply as banks seek to build up reserves at the potentially cheaper rate with the outstanding balance on Friday growing to DM 23.5bn from under DM 11bn on Thursday. The recent fall in U.S. M-1 money supply and the consequent fall in U.S. interest rates may not be enough to forestall a rise in German rates. Differentials are still running a at high level and the market is also expressing growing fears over the fast expansion in German monetary aggregates.

In Paris the Bank of France left its money market intervention rate unchanged at 12.25 per cent when injecting liquidity into the system through purchases of around FFr 15bn of first category paper. Maturity dates range from September 21 to October 25.

LONDON MONEY RATES

Sept. 2 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight........	—	3-9⅛	9-9⅛	—	—	8-9½	3-9	—	—	—
2 days notice...	—	—	9⅛-9⅝	—	—	—	—	—	—	—
7 days or........	—	—	—	—	—	9⅛-9¾	—	—	—	—
7 days notice ..	—	9⅛-9⅝	9¼-9⅝	—	—	—	9⅛-9¼	—	—	—
One month......	9 7/16-9⅝	9⅛-9 11/16	9½	10⅛-9¾	9 11/16	9⅞	9 5/16	9½	9⅛	10⅛
Two months....	9 9/16-9 7/16	9⅝-9¾	9½	10¼-9⅞	9¾	10	9⅝	9 7/16	9 1/2	10 1/16
Three months.	9⅝-9¾	9 11/16-9⅞	9⅝-9¾	10¼-9⅞	9⅞	10⅛	9⅜-9½	9 7/16-9 11/16	9⅝	10
Six months......	9 13/16-9 13/16	10 1/16-10⅛	10	10⅜-10	10⅛	—	—	—	9 15/16	10 1/16
Nine months....	10-10⅛	10¼-10⅜	10	10⅝-10⅜	10⅜	—	—	—	—	—
One year	10 1/16-10 7/16	10⅜-10½	10 7/16-10⅝	10⅝-10⅜	10½	—	—	—	—	—
Two years.......	—	—	11⅛-11¼	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period July 6 to August 2 1983 (inclusive) 9.989 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11¼ per cent; four years 11½ per cent; five years 11½ per cent. ΦBank bill rates in table are buying rates for prime paper. Buying rate for four-months bank bills 9 11/32-9 7/16 per cent; four months trade bills 10 3/32 per cent.

Approximate selling rate for one month Treasury bills 9¼-9 7/16 per cent; two months 9 5/16-9 11/32 per cent and three months 9 5/16-9 9/32 per cent. Approximate selling rate for one month bank bills 9 7/16-9 15/32 per cent; two months 9 13/32 per cent and three months 9 11/32 per cent; trade bills 9⅞ per cent; two months 9 13/16 per cent and three months 9¾ per cent.

Finance Houses Base Rate (published by the Finance Houses Association) 10 per cent from September 1, 1983. London and Scottish Clearing Bank Rates for lending 9½ per cent. London Deposit Rates for sums at seven days' notice 6 per cent.

Treasury Bills: Average tender rates of discount 9.3343 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¾ per cent; one-three months 10 per cent; three-six months 10¼ per cent; six-12 months 10½ per cent. Under £100,000 9½ per cent from September 1. Deposits held under Series 4-5 10 per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

(Market closing rates)

Sept. 5	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9-9¼	9⅛-9⅜	9½-9⅝	9⅝-9⅞	10-10⅛	10 1/16-10 5/16
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschm'rk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belg. Franc Conv.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asia $ (Sing.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT LONDON INTERBANK FIXING

11.00 a.m. SEPTEMBER 5

3 month U.S. dollars		6 month U.S. dollars	
bid 10 1/16	offer 10 3/16	bid 10 7/16	offer 10 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	—
Treasury bills (13-week)	—
Treasury bills (26-week)	—

GERMANY

Lombard	5.0
Overnight rate	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

FRANCE

Intervention rate	12.25
Overnight rate	12.875
One month	12.4375
Three months	12.4375
Six months	12.50

JAPAN

Discount rate	5.5
Call (unconditional)	6.71875
Bill discount (3-month)	6.78125

SWITZERLAND

Discount rate	4
Overnight rate	[illegible]
One month	[illegible]
Three months	[illegible]

NETHERLANDS

Discount rate	4½
Overnight rate	5
One month	5½-5¾
Three months	6 3/16-6 5/16
Six months	6 5/16-6 7/16

$ CERTIFICATES OF DEPOSIT

One month	9.55-9.65
Three months	9.75-9.85
Six months	10.00-10.20
One year	10.40-10.60

LONG TERM EURO $

Two years	[illegible]
Three years	[illegible]
Four years	[illegible]
Five years	[illegible]

SDR LINKED DEPOSITS

One month	[illegible]
Three months	[illegible]
Six months	[illegible]
One year	[illegible]

ECU LINKED DEPOSITS

One month	[illegible]
Three months	[illegible]
Six months	[illegible]
One year	[illegible]

ART GALLERIES

CONTRACTS AND TENDERS

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES

(Ministry for Energy & Petrochemical Industries)

ENTREPRISE NATIONALE DE SERVICES AUX PUITS

DIRECTION DES OPERATIONS SPECIALES

(National Company for the Exploration of Oilwells Special Operations)

NOTICE OF EXTENSION

The ENSP (National Company for the Exploration of Oilwells), Direction des Opérations Speciales, 2 Rue du Capitaine Azzoug, Côte Rouge, Hussein-Dey, Alger, hereby informs companies concerned with International Call for Tenders No. 002/83 for the supply of:

ADDITIVES FOR OILWELL CEMENT

the closing date of which was initially indicated as 16 July 1983, that the date has been extended by 15 days, with effect from the publication hereof.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on September 5, 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.15
Algeria	Dinar	(A) 7.3255
Andorra	French Franc	12.11
	Spanish Peseta	227.375
Angola	Kwanza	(CM) 48.684
Antigua	E. Caribbean $	4.05
Argentina	New Peso	17.10
Greenland	Danish Kroner	14.46
Grenada	E. Caribbean $	4.05
Guadaloupe	Local Franc	12.11
Guam	U.S. $	1.5000
Guatemala	Quetzal	1.5000
Guinea	Syli	35.50
Guinea-Bissau	Peso	63.25
Guyana	Guyanese $	4.4975
Peru	Sol	exc(A)2,960.31
Philippines	Philippine Peso	16.20
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.3020
Poland	Zloty	145.03
Portugal	Portugu'se Escudo	186.50
Puerto Rico	U.S. $	1.5000

** Rate is the transfer market (controlled). †† Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (§) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (3) Non-essential imports and private sector applicants. (4) Preferential rate for public sector debt and essential imports. (5) Government controlled for non-essential imports. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate.

INTERNATIONAL CAPITAL MARKETS

EUROBONDS

Warrants fashion takes a new twist

By Peter Montagnon, Euromarkets Correspondent

FIRST Boston, the U.S. investment bank, added a new dimension to the current fashion for warrant trading in the Eurobond market yesterday by becoming the first to offer investors warrants to sell U.S. Treasury Securities as well as to buy them.

It is offering two sets of 250,000 warrants, one of which will allow holders to buy the 10⅜ per cent U.S. Treasury bonds due in 2012 and one of which will allow the holders to sell the same bonds at a preset price.

The First Boston offer is being led by Credit Suisse First Boston, the London investment bank in which it holds approximately 30 per cent. The exercise price of both the buy and sell warrants will be fixed at mid-day New York time today based on the market price of the Treasury bonds prevailing at that time. The exercise price on the warrants to buy the stock will be some seven points above that price and the warrants to sell some five *points below.*

This is the price which warrant holders can buy or sell the bonds from First Boston at any time up till March 1985 in the case of the warrants to buy, or March 1984 in the case of the warrants to sell. First Boston is offering the warrants at an indicated price of $38 and $21.50 respectively giving First Boston a total return of around $15m.

With the unexpected $1.4bn drop in U.S. money supply reported over the weekend bond prices were generally higher in Europe yesterday as fears of tighter money abated. Credit Suisse First Boston was quoting the warrants to buy at a discount of ¾ per cent compared with the warrants to sell which traded at a discount of 1⅜ per cent.

German banks meanwhile set a DM 700m calendar for new issues in September. Over the next month there will be only four issues, starting with a DM 200m bond for the European Investment Bank on Thursday. Last month the banks issued DM 900m worth of bonds in a sluggish market dominated by fears of higher U.S. interest rates.

IRI may seek $200m credit

By Our Euromarkets Correspondent

ITALY's state holding company, Istituto per la Ricostruzione Industriale (IRI), *is expected to come to the* Euromarket shortly for an eight-year $200m credit. There have been relatively few large Eurocredits from Italian public sector entities this year partly because of an increased availability of domestic lira finance.

But Italian borrowers are also thought to have been holding in the wake of the Banco Ambrosiano bankruptcy last year.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for September 5.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¼ 90	100	92½	93	+0½	-0⅛	11.87
Bank of America 8 88 XW	150†*	84	84¾	-0⅛	-1	12.71
Bank of Tokyo Hold 11 90	100	93⅛	93⅝	-0¼	-0⅞	12.50
British Col Hyd 10¼ 88	200	95⅞	96⅜	-0¾	-0⅝	11.35
C.C.C.E. 11¾ 97	100	91⅞	92⅜	+0⅜	-2	12.96
C.I.B.C. 11 90	75	90¼	90¾	0	-1¾	13.20
Citicorp O/S 10¾ 90	100	90⅝	91⅛	+0¼	-0⅜	12.43
Coca Cola Int 9⅞ 92	100	90⅝	91⅛	+0½	-1⅛	11.56
Cred Suisse BAH 10½ 90	150†	94	94½	+0¼	-1	11.78
Credit Suisse 10½ 89	100†	95⅛	95⅝	+0⅛	+0⅛	11.55
Den Norsk Cred 11¼ 93	50	91⅝	92⅛	+0⅜	-0⅞	12.73
Du Pont 11¼ 95	150	97⅝	98⅛	+0⅜	-0¼	11.57
E.C.S.C. 11⅞ 90	75	98	98½	+0¾	-0¼	12.25
E.D.C. 10¾ 88	100	96⅜	96⅞	+0⅝	-0¾	11.74
E.D.C. 11¾ 87	100	99⅛	99⅝	-0¼	-0¼	11.88
E.D.F. 11⅛ 93	100	90⅝	91⅛	+0¾	-0¾	12.80
E.E.C. 10¾ 95	75	88⅜	88⅞	+0½	-0⅛	12.65
E.E.C. 11 87	350	97½	98	+0⅞	-0⅛	11.73
E.I.B. 10¾ 93	200	90¾	91¼	+0⅜	-0¼	12.37
E.I.B. 11 91	125	93⅜	93⅞	+0¾	-0⅜	12.32
Electrolux 10½ 90	50	90⅜	90⅞	+0¼	-1¼	12.62
Enserch Fin 11⅝ 93	100	92½	93	+0⅜	-0⅞	12.95
Fuji Int Fin 10⅞ 90	100†	91⅛	91⅝	+0⅜	-0⅛	12.84
Gen Elec Credit 9¾ 91	100	89⅜	89⅞	+0½	-0⅜	11.83
GMAC O/S Fin 10½ 90	200	94½	95	+0¼	-0½	11.68
Honeywell Int 10¾ 90	100	96½	97	+0½	-0⅜	11.45
Indust Bk Japan 10⅞ 88	100	95½	96	+0⅝	-0¾	12.08
Japan Air Lines 10⅞ 98	42	90	90½	-0¼	0	12.32
Japan Air Lines 11 93	75	93⅜	93⅞	-0½	-0½	12.13
J.P. Morgan 11¾ 90 XW	150	97⅛	97⅝	-0⅜	-0½	11.92
Levi Strauss Int 11 90	75	94⅝	95⅛	+0¼	0½	12.13
L.T.C.B. 10¾ 90	100	90⅝	91⅛	+0⅝	-0⅞	12.82
Merrill Lynch 10⅝ 90	200	92⅝	93⅛	+0⅜	-0⅛	12.22
Midland Int Fin 11½ 92	150	95½	96	+0⅜	-0⅛	12.27
Mitsubishi Corp 10½ 90	100	92⅜	92⅞	+0⅝	+0⅜	12.15
Mitsubishi Fin 11⅜ 90	100	94⅜	94⅞	+0½	-0½	12.57
Nippon Credit 11 90	100	91½	92	+0½	-0⅜	12.88
Nippon Credit 11¼ 93	100	91⅞	92⅜	+0⅜	-0⅜	12.70
O.K.B. 10 91	100	88⅞	89⅜	+0½	-0¼	12.25
Ontario Hydro 10¼ 90	250	92⅝	93⅛	+0⅝	0	11.82
Ontario Hydro 11¼ 89	200	98¾	99¼	-0½	-0½	11.45
Ontario Hydro 12¾ 92	200	102⅞	103⅜	+0¾	-0½	12.15
Prudential O/S 10⅝ 93	100	94⅛	94⅝	+0⅝	-0⅝	11.60
Prudential O/S 12¾ 87	150	103¾	104¼	+0¼	-0⅜	11.45
Saskatchewan Pr 10¾ 90	125	93⅞	94⅜	+0½	-0½	12.07
S.N.C.F. 11½ 93	100	94¾	95¼	-0¼	-0¾	12.39
Sth Cal Edison 10½ 90	75	94	94½	+0⅝	-0¼	11.76
Sumitomo Fin 10⅞ 90	100	91	91½	-0½	-0⅜	12.86
Swiss Bk Corp 10¼ 90	125†	95¼	95¾	+0⅞	-0⅛	11.25
Texaco Capital 9¾ 90	150	92⅛	92⅝	-0⅝	0	11.45
U.B.S. 10 88	100	96⅛	96⅝	+0¼	-0⅛	11.00
U.B.S. 11 89	150	99¾	100¼	-0⅛	-1	10.98
Westpac Int Fin 11 90	100†*	90¼	90¾	-0¼	-1⅞	13.19
World Bank 10⅜ 88	150	94⅞	95¼	-0⅝	-0½	11.81
World Bank 10⅞ 93	100	92½	93	+0⅝	-0¼	12.17
World Bank 11⅛ 88	100	96⅞	97⅜	+0⅛	+0¼	12.04
World Bank 11½ 90	150	96⅜	96⅞	+0½	0	12.24

Av. price changes: on day +½, on week -½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅞ 93	100	97⅝	98⅛	-0½	-0¼	7.69
A.N.A.S. 8¼ 88	100	99¼	99¾	+0⅛	-0¼	8.37
Austria, Rep 7⅝ 89	100	98⅜	98⅞	0	-0¼	7.92
Austria, Rep 8 93	100	100	100½	0	0	7.97
Avon Int Fin 7½ 93	100	97½	98	+0¼	-0¼	7.84
B.F.C.E. 8¼ 90	150	99⅞	100⅜	-0⅛	0	8.22
Comp Tel Nac Esp 8¼ 93	100	94½	95¼	0	+0⅛	9.29
Deutsche Bank 3¾ 91 WW	240	106¼	107	0	-0¾	2.78
Deutsche Bank 3¾ 91 XW	240	80	81	0	0	7.12
Dresdner Finance 4 90 WW	250	109	109½	+1	+1⅝	2.51
Dresdner Finance 4 90 XW	250	83	84	+0½	+1¼	7.14
E.C.S.C. 8 90	160	99¾	100¼	+0½	+0⅛	8.00
E.E.C. 8¼ 93	250	100½	101	+0⅛	0	8.13
Eurofima 7½ 90	100	98	98½	+0¼	-0⅛	7.83
Finland Rep 7½ 88	150	98⅝	99⅛	0	-0⅛	7.78
Int-Am Dev Bk 7¾ 93	200	94⅛	94⅝	-0½	-0⅛	8.62
Int Standard Ele 7¾ 93	100	98¼	98¾	+0⅛	+0⅛	7.97
Japan Dev Bank 7½ 90	100	98⅜	99⅛	+0⅛	+0⅜	7.69
Kobe City 7 93	120	94⅞	95¼	0	0	7.74
L.T.C.B. 8 90	100	98⅞	99⅜	+0⅛	+0⅜	8.17
Renault Acceptance 8 90	150	97¼	97¾	+0⅛	-0¼	8.49
S.D.F. France 7⅞ 93	100	96⅜	96⅞	+0⅛	+0¼	8.39
Sth African Tran 8¼ 90	100	98¼	98¾	-0⅛	-1	8.54
Volkswagen Int 7¼ 93	200	94⅝	95⅛	0	-0¾	8.03
World Bank 7½ 90	250	96¼	96¾	0	-0½	8.18
World Bank 7½ 93	300	95⅛	95⅝	0	-1¼	8.20

Av. price changes: on day +⅛, on week -⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AKZO 5⅝ 93	100	97⅜	97⅝	-0⅜	-0⅝	5.97
Bank of Tokyo 6 91	100	101½	101¾	-0⅛	0	5.74
Bergen, City of 5¾ 95	40	99	99¼	0	0	5.85
Carls-Tuborg Brw 5¾ 93	60†	101	101½	+0⅛	+0⅝	5.57
Chujitsuya Co 5⅞ 93	50	97	97¼	-0⅛	+0⅛	6.28
Denmark 6⅝ 91	100	101½	101¾	0	0	6.10
E.D.C. 5⅝ 91	100	98	98¼	0	0	5.68
E.I.B. 5¾ 93	100	98¾	99	-0¼	-1⅜	5.98
Ex-Im Bk Japan 5⅝ 91	100	98	98¼	0	-0⅛	5.93
Ind Fund Finland 6¼ 91	40	100½	100¾	+0¼	0	6.15
Int-Am Dev Bk 6⅛ 93	100	100¾	101	0	-0¼	6.80
Japan Dev Bank 5½ 93	100	98	98¼	-0¼	-0¼	5.75
Kansai Elec Power 6 91	100	101¾	102	+0⅛	0	5.69
Kawasaki Steel 6⅛ 91	100	101⅝	101⅞	-0⅛	+1⅜	5.84
Montreal Urban 5¾ 93	100	99⅞	100⅛	+0⅛	+0⅛	5.75
Mount Isa Finance 6 93	100	102	102¼	0	-0½	5.71
Nisshin Steel 6¼ 91	100	99½	99¾	-0⅛	0	6.31
Norsk Hydro 5½ 98	100	96½	97	-0¾	-0⅛	5.83
Osterr Draukraft 6 93	100	102¼	102½	+0¼	-0¼	5.67
Osterr Post 6⅛ 91	100	102⅜	102⅝	-0⅛	-0⅜	5.72
Quebec Hydro 5½ 93	100	101	101¼	+0¾	+0½	5.34
Sekisui House 6 93	100	101⅛	101⅜	-0⅜	-0⅛	5.82
Sumitomo Metal Ind 6 91	100	101	101¼	0	-0¼	5.81
Tohoku Elec Power 6 93	100	100¾	101	+0⅝	+0¾	5.87
Trizec Corp 6¼ 91	100	102¼	102½	+0¼	-0⅛	5.85
World Bank 5⅝ 93	100	97	97¼	0	0	6.02

Av. price changes: on day 0, on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	103⅝	104⅜	+0⅛	0	7.97
E.I.B. 8⅞ 92	15	101⅞	102⅞	0	0	7.90
Japan Airlines 7⅞ 87	9†	101⅞	102⅞	0	0	7.12
New Zealand 7⅞ 89	15	101½	102¼	+0¼	+0⅛	7.23
World Bank 8¾ 92	20	102⅝	103⅛	0	-0⅛	7.89

Av. price changes: on day +⅛, on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col 11¾ 93 CS	25†	93⅞	94⅜	0	-0⅛	12.81
Can Pac Secs 11⅞ 90 CS	75†	98	98½	0	-0¼	12.24
Charb France 11⅞ 95 CS	40†	93½	94	0	-0⅛	12.11
Norcen 12¾ 93 CS	60†	94⅛	94⅝	0	0	13.70
Quebec Province 12 93 CS	50†	99¼	99¾			12.03
TD MTG Corp 12½ 88 CS	40†	98⅜	98⅞	0	-0½	12.21
Xerox Canada 12 88 CS	40†	98½	99	0	-0¼	12.25
Forsmarks 11½ 98 ECU	40†	102½	103½	+0⅛	+0⅛	11.00
Svenska 11¼ 91 ECU	40†	98	100	–		11.32
Consol Foods 7¼ 88 Fl	100	95	95½	+0⅛	0	8.53
Elect Supply 8¼ 88 Fl	75	95⅛	96⅜	+0⅛	0	9.70
Nederland Gas 7½ 89 Fl	100	99	99½	+0⅛	+0⅛	7.90
Philips Lamps 7¼ 88 Fl	100	97	97½	+0⅛	-0⅛	7.98
P.H.P. ¾ 88 Fl	50	99⅛	99¾			8.07
Swed Exp Cred 7¾ 88 FL	100	94⅝	95⅛	-0⅛	-0⅛	9.15
O.K.B. 13 86 FF	400	100⅞	101⅞	+0⅝	+0⅝	12.29
Solvay & Cie 14¼ 86 FF	200	101⅝	102⅝	+0⅛	+0⅛	13.68
B.F.C.E. 11½ 88 £	50	97	98	-0⅛	-0¼	12.19
British Oxyg 11¾ 91 £	50	100⅛	100⅝	+0¼	+0⅜	11.62
CEPME 11¼ 95 £	35†	98½	99½	0	-1	11.39
E.E.C. 11⅞ 91 £	50	100¼	101	+0⅛	0⅛	11.71
Fin For Ind 10½ 90 £	30	94⅞	95⅞	+0⅛	0	11.50
Fin For Ind 12¼ 88 £	30	103	104	0½	-0½	11.29
Fin Mst Oracy 12⅝ 92 £	30	101½	102¼	+0⅜	+0¼	12.28
Gen Elec Co 12½ 89 £	50	102¼	103½	-0¼	0⅞	11.71
Mort Bk Fin 11¾ 89 £	15	95⅞	96⅞	-0⅛	-0⅛	12.60
Norsk Hydro 12 90 £	30	101½	102¼	+0⅛	+0⅛	11.53
Quebec 14½ 99 £	30	108⅜	109⅜	-0⅛	-0⅛	12.30
S.N.C.F. 11½ 89 £	30†	96¼	97¼	0	+0⅜	12.20
Sweden 11¼ 93 £	50	93⅜	94⅛	0	+0⅛	12.37
Swed Exp Cred 11⅛ 88 £	30	96⅝	97⅜	+0⅛	0	12.06
World Bank 11⅛ 88 £	100	97¼	98	+0⅜	+0⅜	11.70
World Bank 11⅜ 91 £	75	99⅞	99⅞	-0⅛	0	11.40
Euratom 11 93 LuxFr	500†	104¼	105¼	+0⅝	-0⅜	10.17
Europarat 10¾ 93 LuxFr	600†	102½	103½	+0¾	+0⅜	10.23

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5¼ 87	0¼	99⅜	99⅝	27/1	10⅞	10.93
B.F.C.E. 5¼ 88	0¼	99¼	99½	20/1	10.10	10.25
Caisse Nat Tele 5¼ 90	0¼	98⅞	99⅛	21/10	9.56	9.66
C.C.F. 5¼ 95	0¼	98⅞	99⅛	7/10	10.19	10.29
C.C.F. 5¼ 98	0⅛	99⅛	99⅜	24/9	9.94	9.99
Cepme 5¼ 88 WW	0⅛	99⅜	99⅞	3/9	10	10.04
Cepme 5¼ 92	0⅛	99⅜	99⅞	10/12	10½	10.50
Chemical NY 5¼ 94 ††	0⅛	100⅛	100⅝	23/8	10.82	10.76
C.N.C.A. 5¼ 95 XW	0¼	98¾	99	7/12	10	10.11
C.N.T. 5¼ 91	0¼	98⅝	99⅛	6/11	9⅛	9.34
Credit Agricole 5⅛ 97	0¼	99½	99¾	24/9	10	10.04
Credit Lyonnais 5¼ 94	0⅛	99	99¼	5/1	10.31	10.40
Credit Lyonnais 5¼ 97	0⅛	98⅞	99⅛	1/10	10.06	10.18
Credit Nat 5⅛ 94	0¼	98¾	99¼	9/9	9¼	9.34
E.D.F. 5¼ 95 XW	0¼	98⅝	99⅛	10/2	11⅛	11.40
E.E.C. 5 90	0⅛	99⅝	99⅞	6/1	10.10	10.21
Kansallis Osake 5½ 92	0¼	99⅞	100⅛	6/11	9⅛	9.13
Long Term Cred 5¼ 92 †	0⅛	99¾	100	27/11	9¾	9.76
J.P. Morgan 5¼ 97 S	0⅛	100½	100¾	12/11	10.81	10.75
New Zealand 5⅛ 87	0⅛	100⅛	100⅜	7/10	10.06	10.04
NZ Steel Dev 5¼ 92	0⅛	100	100½	22/12	10¼	10.22
Nippon Credit 5¼ 90	0⅛	100⅛	100⅝	10/2	11⅛	11.10
Soc Generale 5¼ 90 XW	0¼	98⅞	99⅛	9/11	9⅛	9.22
Société Générale 5¼ 95	0⅛	99¼	99½	1/9	9½	9.56
Sweden 5¼ 89	0¼	99¾	100	26/2	10.16	10.20
Sweden 5¼ 93	0¼	100	100¼	3/2	11.19	11.17

Av. price changes: on day +⅛, on week +⅛

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	105⅜	106⅞	+1½	0.82
Canon 7 97	7/82	748.2	231	233	+4⅞	21.60
Daiwa Sec Co 5½ 98	10/83	508	95⅜	98	+0⅝	2.37
Hitachi Cable 5⅛ 96	2/82	515	108¾	110¼	-1½	5.18
Honda Motor 5¼ 98	6/83	884	96⅛	97½	+0⅞	3.28
Honda Motor 5½ 97	3/82	759.6	109½	111	+0⅛	0.79
Kumagai Gumi 6½ 97	10/82	408	117⅞	119⅜	+0⅞	0.98
Kyowa Hakko 6⅛ 97	2/83	762	114⅞	116⅜	-0¼	11.07
Minebea Co Ltd. 5½ 98	5/83	667	129⅝	130⅛	+3	-1.39
Mitsubishi Electric 5¼ 98	6/83	396	108¼	109¼	-0⅜	7.58
Nippon Electric 5¼ 97	2/82	785.9	186⅝	188⅝	+5½	0.64
Nippon Oil Co 5½ 98	4/83	984	101	102	+1⅜	11.04
Nissan Motor 5¼ 98	4/83	770	87½	88⅛	+0⅜	-0.92
Olympus Optical 6¾ 97	12/82	1331	101½	103	+1¼	16.30
Orient Finance 5¼ 97	3/82	927.2	91	92½	0	9.54
Orient Leasing 5¼ 98	8/83	2688	93⅞	94⅞	-0¼	-3.63
Secom 5 98	11/83	2928	123½	125	+0½	3.80
Sumitomo Electric 5½ 97	3/82	577.3	110⅜	111⅝	+0⅝	4.54
Sumitomo Metal 5¼ 96	10/81	296.1	67⅝	69⅛	+1⅝	35.94
Yamaichi Sec Co 5 98	8/83	472	92⅝	94⅛	+0½	4.20
NEC Corp 3½ 93 SF†	6/83	978	151¾	153¾	+2	1.26
Sanyo Electric 3½ 93 SF	5/83	501	106⅝	108¾	+0¾	16.29
Konishiroku 6¾ 88 DM	6/82	618	114⅞	116⅛	+0½	3.83
Mitsubishi Heavy 6 89 DM	2/82	263	104½	104⅞	+0⅛	15.34
Sato Realty 6¼ 92 DM	2/83	365	117⅝	118⅝	-0½	-3.80

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price, the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month, § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

COMPANY NOTICES

THE SUNGEI BESI MINES MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the seventh annual general meeting of members of The Sungei Besi Mines Malaysia Berhad will be held at The Conference Room, Malaysia Mining Corporation Berhad, Wisma Bunga Raya, 152, Jalan Ampang, Kuala Lumpur, Malaysia on Wednesday, 28th September 1983 at 10.30 a.m. for the following purposes:

To consider and, if thought fit, pass the following as ordinary resolutions:

1. "That the profit and loss account for the year ended 31st March 1983 and the balance sheet of the company at that date and the statement of source and application of funds together with the annexed reports of the directors and auditors be and are hereby received and adopted, and the final dividend of 130 sen per share, less tax at 40%, recommended therein be and is hereby approved and declared payable on 29th September 1983 to the members of the company registered at the close of business on 8th September 1983."
2. "That Mr F. K. J. Jackson, who retires by rotation, be and is hereby re-elected a director of the company."
3. "That Messrs. Peat, Marwick, Mitchell and Co., who are eligible and have given their consent for re-appointment, be and are hereby re-appointed the company's auditors for the period until the conclusion of the next annual general meeting and that the remuneration to be paid to them be fixed by the board."

By Order of the Board
WAN MOHAMED WAN YUSOFF, Secretary

Kuala Lumpur.
6th September, 1983.

Notes:
(i) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company.
A form of proxy to be valid must reach the Malaysian Registrars' office at Ground Floor, Bangunan Malaysia Mining Corporation Berhad, 16, Jalan Tangsi, Kuala Lumpur 10-01, Malaysia, or the United Kingdom Registrars' office at Charter House, Park Street, Ashford, Kent TN24 8EQ, not less than 48 hours before the meeting.
(ii) There are no directors' service contracts required by The Stock Exchange, London, to be made available for inspection at the meeting.

TDK CORPORATION

(CDRs)

The undersigned announces that as from 13th September 1983 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div.cp.no. 17 (accompanied by an "Affidavit") of the CDRs TDK CORPORATION, each repr. 100 and 1,000 shs, will be payable with Dfls. 17.97 net per CDR rpr. 100 shs and with Dfls. 179.70 net per CDR rpr. 1,000 shs. (div. per record-date 31.3.1983, gross Yen 17.50 p.sh) after deduction of 15% Japanese tax = Yen 262.50 = Dfls 3.19 per CDR repr. 100 shs.
Yen 2.625.00 = Dfls. 31.90 per CDR repr. 1,000 shs.
Without an Affidavit 20% Jap. tax = Yen 350.00 = Dfls. 4.25 per CDR repr. 100 shs
Yen 3.500.00 = Dfls. 42.50 per CDR repr. 1,000 shs.
will be deducted
After 31.12.1983 the div. will only be paid under deduction of 20% Jap. tax with Dfls. 16.91 per CDR repr 100 shs and with Dfls 169.10 net per CDR repr. 1,000 shs. in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, 30th August 1983.

APPOINTMENTS

MIDDLE EAST MARKETING AND CREDIT OFFICER

An international bank requires a Middle East Marketing and Credit Officer who will be expected to develop and expand the bank's Middle East business across a broad range of banking products. The candidate must have a minimum of five years banking experience gained through working with a recognised bank in the Middle East. Broad based credit and marketing experience is required as well as some familiarity with foreign exchange activity and tailoring investment banking products suitable for individuals. Education to degree level and fluent spoken Arabic are essential. Age 30-40. Position is based in London but requires extensive travel. Salary negotiable.

Please write in strictest confidence, enclosing curriculum vitae, to:

Box A8277, Financial Times
10 Cannon Street, London EC4P 4BY

PERSONAL

FRIEND—Happy Birthday. All My Love. Jay. XX.

LEGAL NOTICES

Flavio De Luca, the Extraordinary Government Commissioner of the Socities that apply to "Lauro" Group in *Extraordinary Administration* and precisely:

Pluto Società di Navigazione—Eraclide Armamento Salvataggi e Rimorchi—Aretusa Società di Navigazione—Polinnia Società di Navigazione—Nereide Società di Navigazione—Elios Società di Navigazione—Megara Società di Navigazione—Erice Società di Navigazione—Egeria Società di Navigazione—Alcione Società di Navigazione—S.r.l. Lauro Lines—S.n.c. Lauro Achille ed Altri Gestione Motonave Achille Lauro—S.n.c. Achille Lauro ed Altri Gestione Motonave Angelina Lauro—Società di fatto Achille *Lauro ed Altri Gestione Armatoriale Navi a Noleggio*—*Impresa* individuale Achille Lauro

for the purpose of what is foreseen by L.3/4/79 and by L.25/6/82 Nr. 381 requests all citizens or foreign societies that claim requests of credit towards the abovementioned Societies and that have not informed yet the Extraordinary Administration and/or its Lawyers of the existence of their credit, to send within and not later than September 30th, 1983 explicit communication of the existence, the value and the cause of the claimed credit equipped with and apt documentation.

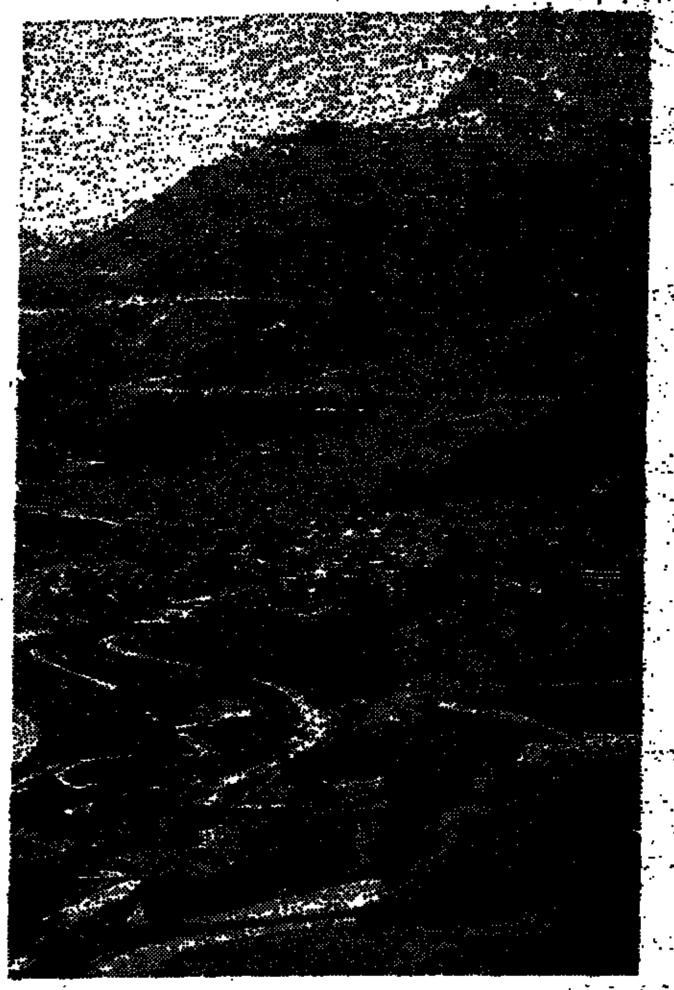
This communication must be sent to the Lawyer's Office, NESPOLI-D'ALBORA, Viale Gramsci N.14—NAPOLI (Italy)—Telex Nr. 721626 Lexass I.

The Government Commissioner
FLAVIO DE LUCA

FINANCIAL TIMES SURVEY

Switzerland

Great adaptability and the pursuit of innovation have enabled the Swiss to pass almost unscarred through world recession; but a debate is beginning about the country's proper position in the world and where it should go.



A dramatic traffic artery in Switzerland is the St Gothard tunnel. *This is Airolo in the Valle Leventina, the southern gate to the tunnel*

CONTENTS

Editorial production: Arthur Dawson. Design: Philip Hunt.

Coping better than most neighbours

By W. L. Luetkens

A BLOODLESS battle is going on in the streets of Zurich and some other big Swiss towns. Gangs of cleaners scrub, rub and wash off the graffiti scrawled and sprayed up by a rebellious minority of Swiss youth.

At present the cleaners are winning: authority and traditional Swiss cleanliness is on top. But for one unruly demonstration in Zurich in early June, Switzerland is quiet and orderly. Its wealth is obvious for all to see.

Shoddy goods, if you see them at all in the shops, are generally souvenirs for tourists.

Yet, under the glossy surface some of the strains of contemporary life are palpable. The explosion of youth riots of a few years ago has subsided, but its causes have not been removed. The anti-nuclear movement is vocal and may upset the country's so far successful energy policy.

The economy, whose performance is the envy of the world, is under constant pressure to adapt to change. The recession has brought a colder climate to industrial relations. It has also revived the small splinter parties on the right that cash in on resentments against the large foreign population.

Yet, all of that is relative only. All the evidence at present is that the Swiss can cope, and cope better than most of their neighbours and competitors.

Like the rest of the world, Switzerland has been hurt by recession: gross national product contracted by 1.7 per cent in 1982, is expected to stagnate this year, and to grow by 2 per cent in 1984. But the impact has been less harsh than elsewhere. Unemployment remains almost negligible.

Raw nerve

The trade unions have played their part by maintaining the proverbial moderation of their demands. But the reluctance of the employers in the important engineering industry to raise pay at least in line with consumer prices has touched a raw nerve.

The engineering industry has had a no-strike agreement since 1937, which has been renewed for five years at a time. This year talks for a renewal almost broke down. The unions only reluctantly agreed because, under another part of the deal, workers will not receive full compensation for loss of income as the 40-hour week comes in.

Given the smallness of its home market and its high wage costs, the engineering industry is worried about retaining international competitiveness.

It did well to raise exports from 48 per cent of deliveries in 1978 to 60 per cent in 1980, but at heavy cost to profitability. Orders this year have flagged badly.

This particular industry, like most others in Switzerland, depends for survival on flexibility and continued innovation and keeping ahead of the competition is proving hard work. Dr M. Erb, director of the Association of Swiss Mechanical Engineers, says frankly that "we no longer are alone on top of the technology pyramid." But this, too, must be seen in context.

The Swiss are heavy spenders on research and development as shown in the article on the economy. But they may be better at perfecting existing technologies rather than creating new ones.

Such spending is an impressive demonstration of confidence in the future but, among the more thoughtful Swiss, the question is at times asked whether the country knows where it is going and whether it is going in the right direction.

A few years ago it was all the fashion to say that Swiss industry had to expand abroad because Switzerland had neither the necessary space nor the labour. Some Swiss concerns that followed this advice have burnt their fingers.

The question has therefore been raised whether growth and turnover really are to be pursued as a chief objective or whether it is best to rely on the traditional Swiss assets of flexibility and workmanship.

The case of the textile industry shows what is meant. A few years ago it was thought to be moribund except for luxury products such as silk but, when world recession reduced demand for the most expensive products, Swiss textile manufacturers found the flair necessary to do well with high-quality and high-fashion cotton.

Doubts about growth are not a new motif in Switzerland. They are the product not only of prosperity but also of a continued awareness that the country has its roots among the peasantry and craftsmen. More immediate limits to growth exist because Swiss industry, including the service industries, could not have got where it has without migrant labour.

In 1974 the number of foreign residents reached a peak of 1.1m in a population of 6.4m. That proved to be more than the average Swiss was prepared to put up with.

Stung into action both by popular sentiment and by the recession of the mid-1970s, the Government became less liberal with work permits. Even so 926,000 foreign residents remained in Switzerland at the end of 1982.

Limited successes

In a climate of threatening unemployment (however tiny by the standards of other countries), their presence has given a new lease on life to Nationale Aktion, a party that had some limited successes in the federal and cantonal elections of the 1970s.

Towards the end of that period the party appeared to have been eclipsed, but this year it, and its equivalent in Geneva, the Vigilants, have again taken a few seats in local elections.

The so-called xenophobes are expected to regain admission to the lower house when a new federal parliament is elected this autumn. They have been without parliamentary representation since 1975.

At the other end of the political scale, the extreme or "new" Left may make some progress at the expense of the Communists who are in decline.

Within the group of major established political parties there also appears to be a shift, away from the Socialists and towards the liberal Free Democratic Party. But (as explained in more detail in the political article of this survey), nobody foresees an end to the so-called democracy of concord (or consensus) by which the four big parties are all represented in the Government.

Some Socialists have at times advocated going into opposition, but the working class rank and file has other ideas. The real reason for staying in is that the electorate has the last word on legislation through the time-honoured system of referendums.

The Socialists may be the largest party, but they know that in the last resort they will always be outvoted by the non-Socialist majority: better stay within the system and influence decisions from there.

Contrary to what its initiators expected in the 19th century, the system of direct democracy by referendum has turned into an extremely conservative influence.

The electorate is notoriously cussed and regularly says "no" to those in authority and to change. It took until 1971 before women were given the vote. It took until 1983 before the first woman was appointed to a cantonal government.

The citadel of the federal Government remains unstormed, but who can say that nothing ever changes in Switzerland?

Slow progress in joining the UN

By Anthony McDermott

SWISS POLITICIANS have debated for a long time whether they want to join the UN—and are likely to continue doing so for a while.

The question has been placed before a Commission of the National Council, the lower house of the Parliament. It reported on August 16 by a majority of 22-6 (with two abstentions) in favour of joining. But the Commission said the Government should first make a solemn declaration to the world that Switzerland would maintain its armed neutrality. This message would be transmitted to each member of the UN and emphasised in the formal application. But the Parliament as a whole has to take up the matter and is not going to do so before the elections next October.

In any case the matter will have to be submitted to the electorate in a referendum. Traditional parochialism, conservatism and a genuine Swiss addiction to neutrality will prove formidable obstacles when the referendum is eventually held.

The government has suggested making a unilateral declaration of Swiss neutrality at the moment of joining the UN, but the parliamentary committee dealing with the matter would like the UN itself to offer an explicit guarantee that the country's status will be respected.

Dr Raymond Probst, a senior under-secretary at the Swiss foreign ministry, visited the UN in June to explore the likely reaction to such a proposal.

In spite of the fact that neutrals such as Sweden (in 1946) and Austria (in 1955 together with Finland) have joined the UN and that their status has not apparently suffered as a result, Switzerland appears to be seeking the sort of undertakings it obtained before joining the League of Nations in 1920. These exempted it from participating in military sanctions imposed by the League.

It is still relevant that in a referendum at that time the votes in favour of joining were only 416,870 to 323,719, with a decisive overall majority only in the French-speaking and Italian-speaking cantons. They carried the day against such opposition bastions as Zurich and Aargau in the Alemanic-speaking areas.

The Swiss Government for years has been in favour of joining the UN, provided the terms were right. Almost as soon as the UN came into being, a commission of the Federal Council (government) found membership to be desirable. The Council delivered reports in 1969, 1971 and again in 1977, which inched towards the need of becoming a member.

CONTINUED ON PAGE VIII

Where referendums rule

Politics

W. L. LUETKENS

AN ELECTION will be held in Switzerland this October. The Socialists are likely to lose a few seats. Some radical parties of Left and Right are likely to gain.

Yet nothing much will change because the referendum rather than the parliamentary election is the main instrument of democracy in Switzerland. It can be a very treacherous instrument as the following story shows.

In 1969 the electorate, by referendum, decided that the federal Government in Berne should have responsibility for regional planning and zoning. The Government drafted a law implementing that recommendation. The parliament passed it. The electorate promptly rejected it. The powers supposedly granted in 1969 remained theoretical only.

Anyone who collects 100,000 signatures within 18 months can have a constitutional initiative or motion, such as that for regional planning, put before the electorate. If a majority as well as majorities in a majority of the individual cantons agree, that proposal is entrenched in the constitution.

Anyone collecting 50,000 signatures within three months of the parliament passing a law can have that law submitted to a referendum. A simple majority of the electorate is enough to invalidate the law.

As though that were not enough, the Swiss voter has a notorious tendency to vote "no." Experience has shown that about 20 per cent of those who turn up for the constant referendums say "no" regardless of what the question before them is. The miracle, hence, is not that Swiss politics is uneventful, but that anything happens at all.

The knowledge that the voter always has the last word explains why, since 1959, the federal Government has been manned by representatives of the four biggest parties, and why that is unlikely to change this autumn.

Suppose the Socialists do badly. The non-Socialists would have no incentive for throwing out the Socialists, since, in opposition, they could make the Government's life a misery with a succession of referendums. Besides, the non-Socialists regard Socialist membership in the Government as an important element of that social consensus which has made strikes all but unknown in Switzerland.

Nobody therefore seriously expects the election to end the so-called magic formula of Swiss politics under which, since 1959, two of the seven members of the Government, are Socialists; two members of the liberal Free Democratic Party; two are Christian Democrats; and one a member of the Swiss People's Party which seeks its voters among the farmers and small business people.

These seven men act as a body: they hold together even if—as often happens—their parties differ among each other about policy or legislation. That is possible because neither government nor parliament take the ultimate decisions: final authority rests with the people. And even though the people generally say "no," the referendum is a means by which they send signals to the politicians that something needs changing.

The obvious instance is a series of referendums intended to reduce drastically the number of migrant labourers. Though so far all have been defeated, sensing the popular mood the Government has moved towards a more restrictive policy on the admission of foreigners.

A similar effect can occur even before a motion is put to the popular vote. To a certain extent this has happened in the case of a motion, sponsored by the Socialists and to be put to the referendum in 1984, to reduce bank powers and to hedge about the celebrated Swiss banking secrecy.

Unless something spectacular happens the motion is likely to be defeated, but some of the objectives of the sponsors have already been met in part. For instance they called for the introduction of compulsory deposit insurance.

A proposal to that end is incorporated in a draft bank Act which the Government has submitted for discussion by the interested parties.

The Socialists also called for measures designed to prevent the use of Swiss bank accounts for purposes of tax evasion by foreigners. Here, too, something has happened.

Since the beginning of this year, Switzerland is ready to extend legal aid to foreign authorities seeking evidence to convict tax evaders. Previously such aid was available only to investigators from countries such as the U.S., with which Switzerland had agreements to that effect.

It would be idle to pretend that tax collectors outside Switzerland are fully satisfied by the new law. Legal aid is available only in cases where offences are alleged that would be punishable under Swiss criminal law.

Tax fraud involving forgery is punishable—but simple evasion, for instance by failing to declare income, is not a criminal offence.

Energy management is another subject which has been very much influenced by the interplay of referendums. In 1979 a motion for a ban on the construction of further nuclear power stations was defeated by the slimmest of majorities. The Government got the message and has been slow to act upon applications for building permits.

Now another two referendums are pending. The farther reaching of the two motions would forbid the construction of new power stations after the completion of Leibstadt, the country's fifth such station. It would also forbid the replacement of any of the five stations once it had reached the end of its useful life.

Industry is horrified by this prospect since Switzerland already depends on nuclear power for 28 per cent of its electricity. Leibstadt will raise that share to 40 per cent.

The less extreme of the two motions does not explicitly mention nuclear power, but calls for an energy policy based on economies; the encouragement of alternative renewable energies; and on avoiding dependence upon large scale technologies.

How the people will decide remains to be seen, but the chances are very real that at least the more moderate of the two motions will go through. ... so, the changes brought about will be far more profound than anything that may emerge from the parliamentary elections.

Direct democracy in its purest form: in several Swiss cantons legislation is passed not by an elected body but by an assembly of all citizens of voting age. The assembly or Landsgemeinde at Appenzell (above) which has been held annually since AD 1377. Men only: the square is said to be too small to hold the adults of both sexes

RESULT OF FEDERAL ELECTION 1979

% of votes cast

Government parties		Non-government parties	
Social Democrats	24.4	Independents	4.1
Free Democrats	24.1	Liberals	2.8
Christian Democrats	21.5	Communists	2.1
Swiss People's Party	11.6	Others	8.4

To question the Army is to question Swiss honour

Military pride is a sensitive area

Army life

ANTHONY McDERMOTT

WEDGED in the crowds in Geneva emerging from the film Gandhi, a girl pushed a pamphlet into my hand. It was called "What does Switzerland do to those who take their inspiration of non-violence from Gandhi?" and represented the work of conscientious objectors calling for the introduction of a civilian service as an alternative to military service.

Military service is compulsory for all fit males in Switzerland. Those who are disqualified because of a disability or a refusal to serve, or who have for some reason missed training sessions, have to pay a compensatory tax. Conscientious objectors are jailed and also have to pay the tax. Last year 729 went to prison (compared with 593 in 1981, and an annual average of about 370 during the 1970s), receiving sentences on the whole of about six months.

When this number is set against the 30,000 to 40,000 recruits receiving basic training each year, it is small. But, undoubtedly under the influence of peace movements in Europe, it is on the increase. The Swiss section of Amnesty International made the point last May that, in non-Communist Europe, besides Switzerland, only Cyprus, Greece and Turkey did not recognise the right of conscientious objection.

The chances of the Swiss agreeing to an alternative to military service must be considered extremely small. A referendum to that effect was defeated in the 1970s.

The armed forces are not only remarkable in their structure, deployment and ability to mobilise, and the pride taken in them great. They also represent a fundamental and highly sensitive factor in Swiss life. As Jonathon Steinberg has written in his book Why Switzerland? "To question the army is to question Swiss honour. If the young 'won't go,' it must mean that they no longer think Switzerland worth defending." It is not surprising that convicted conscientious objectors have found it hard getting a job.

The efforts which Switzerland has deployed to ensure that its armed neutrality is preserved are considerable. Its overall strategy is to organise its resources in such a way as to cause maximum complications for any invader (and in spite of neutrality he is expected from eastern Europe rather than elsewhere)—if dissuasion through political and miltary policies has failed. It has been spending in recent years about 20 per cent of its federal budget on civil and military defence SwFr 4bn in 1982 out of SwFr 18.9bn.

The forces are essentially a militia depending almost entirely on swift mobilisation on a scale which exceeds Israel's in size.

Within 48 hours, the forces can raise about 650,000 men. The standing army consists of only 2,950. The Federal Defence Ministry employs 17,000 mainly in logistics. Of the standing army, 1,500 form the crucial training corps, just under half of whom are officers.

The small number of officers on active permanent duty is underlined by the fact that officers, in all, total 50,000. Apart from instructors and members of the general staff, the only military on continual service are those of air surveillance (of a country only 41,000 sq km large and with a population of 6.4m) and guarding key installations.

A report published in March by two American generals for the Western Goals Foundation, draws attention to the extent to which Switzerland has invested not only in making any invasion very costly, but also in trying to ensure that life (and resistance) might continue afterwards, even in the event of a nuclear or gas attack. For example, war, medical and food supplies are stored in more than 100 km of tunnels.

About 4,000 permanent obstacles and barriers and more than 2,000 demolition devices (especially on bridges and in tunnels) are in place. The country has 40 military hospitals ready, 10 of which are underground. Shelter space is available for 85 per cent of the civilian population. This is planned to become 100 per cent by 1990.

The actual manning system is rigorously applied, and has been refined over the years. Active servicemen fall into three categories. Men aged between 20 and 32 are given an initial 17-week training course. They then return home with their rifles and ammunition.

This is followed by a total of three weeks of military training each year. Men between the ages of 33 and 42 serve in the Landwehr, a sort of territorial army, doing a total during this period of 40 days' service.

Finally, those between 43 and 50 serve in the Landsturm as a second line reserve, doing about 20 days' training. Thereafter, those not already involved in civil defence join the official military reserve.

All men start as privates. Up to the level of captain, promotions are done by the governments of the cantons. Above that the appointments are made by the Federal Defence Department. Up to the rank of brigadier it is possible to retain a civilian job. Above that, an officer finds himself co-opted on to the general staff. There is no supreme commander as such. But when an emergency arises, parliament selects one.

The forces, with their constant training and mingling of people of different backgrounds and jobs, could thus be an important socially-unifying factor. In addition both officers and non-commissioned officers have their own private associations (with their own publications) and these have offices in each of the cantons providing a network of links and assistance to any soldier seeking social or business contacts as he moves about the country.

Precisely how democratic in practice the army is, and thus the extent to which it can alter rather than mirror society is open to some question. A senior official in the beleagured watch industry, which has had

CONTINUED ON NEXT PAGE

The Financial Times would like to apologise for the delay in publication of this year's survey of SWITZERLAND.

For your information, in November we are proposing to publish the annual survey on SWISS BANKING, FINANCE & INVESTMENT which will discuss Switzerland's place as one of the foremost centres of international finance.

For further information concerning the copy date and advertisement rates please contact:

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Outlook for recovery is set fair

Economy

W. L. LUETKENS

THE WORST of the recession is over for the Swiss after a year in which gross domestic product fell by 1.7 per cent net of inflation. The economists of the Helvetic Technical Academy in Zurich expect minimal growth this year, in spite of flabby export markets, followed by 2 per cent growth in 1984—by Swiss standards a middling but not contemptible performance.

Industrialists cautiously agree that the turning point has come, though the engineering industry still is suffering from a collapse of orders. The outside observer would add the recession has been a good deal less unkind to the Swiss than to many others. Unemployment, at least of the visible kind, has been minute. Though there have been reductions of real wages, they have been kept within limits: 1.9 per cent in 1981, 0.1 per cent last year.

Support for a lasting recovery will have to come from abroad, given that exports (and imports as well) account for about one third of GNP. As a result, the Swiss depend very much on the performance of their main customers in West Germany, and on that of the U.S.

Hence Swiss industry is extremely sensitive to both the exchange rate and to the inflation rate relative to that in other countries. A likely inflation rate closer to 3 than to 4 per cent this year (and less in 1984) is not too far out of step with prospects in the chief competitor countries.

Beating inflation is the first priority of the Swiss monetary authorities. Though they took part in this summer's central bank intervention to bring down the dollar, thereby tolerating a momentary increase in the monetary aggregates, it was soon made clear that monetary control remains paramount. Money supply is expected to grow by some 4 per cent this year, at the top of a target range around 3 per cent.

In 1978 the Swiss National Bank temporarily reversed its priorities, accepting an inflationary spurt as the price of keeping the franc at a rate "markedly" above 80 centimes for DM 1. That figure still remains sensitive, but no more. Herr Fritz Leutwiler, President of the Swiss National Bank, has argued for maintaining a degree of independence vis-a-vis the Deutsche Mark.

Overall, the Swiss currency continues to look likely to appreciate in the long run, in spite of the acute concern this is causing many exporters of capital goods.

Customers abroad are reluctant to enter into longer term commitments in Swiss francs. In practice it means that the exchange rate risk is transferred to the exporter.

Beyond that he forgoes the traditional advantage of low Swiss franc interest rates because long term finance has to be found in dollars or another currency.

Labour costs, though high, are less rigid in Switzerland than in many other countries. The Swiss unions have largely forgone real wage increases for the time being and are concentrating upon preserving the traditional (though not contractually imposed) practice of wage indexation.

Even in this matter, the long established social consensus provides a mechanism of relief for employers in trouble. In the engineering industry, for instance, an employer who feels that he is not in a position to keep wages in line with consumer prices can go to arbitration, lay open his books to inspection, and hope to be let off the hook if his case convinces the tribunal.

In any case, the unions, at the moment, are concentrating more upon shorter working hours and longer holidays than upon real wage increases. That is as much a matter of long-term union objectives as of work-sharing in the present phase.

The unions intend to sponsor a referendum which, by law,

CURRENT ACCOUNT

(1982 SwFr bn)

Trade	− 5.7
Services	+ 6.5
Including:	
Tourism	+ 2.4
Transfers	+ 6.6
Including:	
Dividends and interest	+11.7
Current account	+ 7.4

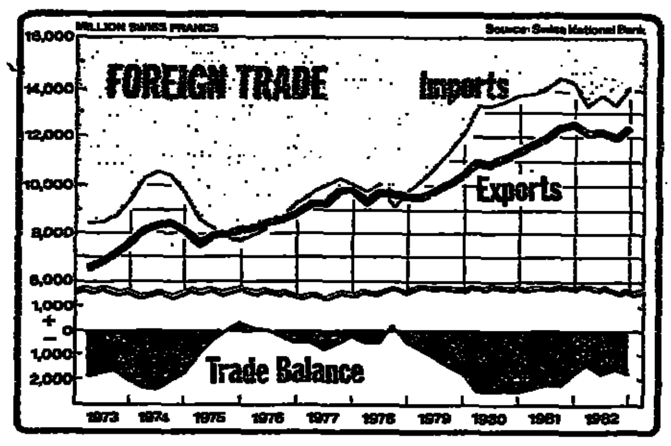
Source: Commission for conjunctural studies.

would bring in a 40-hour working week preferably with no loss of wages, as compared with the 42-43 hours now actually worked in Swiss industry.

It is the second attempt of this kind. In the late 1970s the unions made a similar bid and failed to collect the 100,000 signatures required to bring about a referendum. Given that the signatures could be found from an electorate of almost 4m, that failure sheds some light on national attitudes.

This time round the job-sharing argument may help the sponsors to collect 100,000 signatures (which is only the first step towards winning the referendum), for though there is almost no visible unemployment in Switzerland, the figures require some interpretation.

At the end of July, 23,400 unemployed were registered, a



ratio of 0.8 per cent, as against 10,800 a year before. In addition, 47,600 workers were on short time.

The Swiss custom of resorting to short time rather than redundancies wherever possible is an essential ingredient of the consensus system making for almost uninterrupted labour peace.

It is generally said that the Swiss get by with almost no unemployment because they can run down their numerous foreign labour force. That did happen in the recession of the mid-1970s, but was not repeated last year.

On the contrary, many Swiss lost their jobs in 1982 and yet do not figure among the unemployed because they dropped out of the labour force. Most of these were part timers and other marginal workers.

An estimate has been made that this year some 60,000 jobs will disappear, but that only 15,000 of those involved will go job hunting.

If much of that looks a bit too good to be true, the outsider should note that there is a good deal more to Swiss flexibility and economic success than the merely idyllic.

Industry, especially the medium-sized enterprises (which in Swiss terms means a maximum of 500 employees), has preserved a remarkable adaptability; a considerable willingness to invest, in spite of the present cyclical stagnation; and a remarkable eagerness to spend money on research and development.

A study by the Organisation for Economic Co-operation and Development published this year arrived at the conclusion that Switzerland had an investment quota of 25 per cent of GNP in 1981. Only Japan with 32 per cent invested more. France lay third and West Germany fourth with about 21 per cent each.

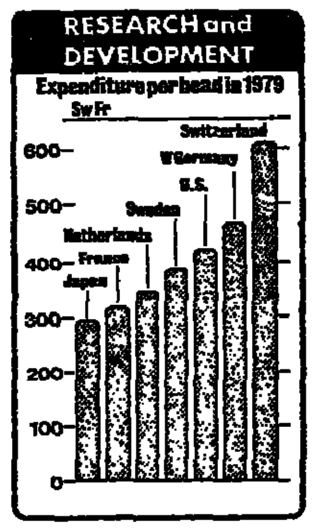
No less remarkable, R and D spending per head of the population in Switzerland came to SwFr 610 (about £173 at exchange rates then prevailing) well ahead of SwFr 469 in West Germany, SwFr 423 in the U.S. and only SwFr 295 in Japan. (The figures are taken from a report published last year by Schweizerischer Handelsund Industrie-Verein in Zurich. Forschung und Entwicklung in der Schweizerischen Privatwirtschaft.)

Even more remarkable, private industry funds 75 per cent of Swiss R and D. It all adds up to a strong will to survive and to an unbroken confidence in the future.

R & D EXPENDITURE

as percentage of GNP	
Switzerland	2.45
Whereof in private sector	1.85
U.S.	2.41
West Germany	2.27
Japan	2.04
Netherlands	1.97
Sweden	1.90
France	1.79

Source: Schw. Handels-und Industrievenerein, using OECD material.



THIS YEAR AND NEXT: A SLOW RECOVERY

(SwFr (m)—at 1970 prices)

	1983	annual change %	1984	annual change %
Private consumption	64,370	−0.5	64,690	+0.5
Public consumption	12,450	+3.0	12,700	+2.0
Investment	26,890	−1.0	27,890	+3.7
Thereof: Buildings	17,250	−1.0	17,770	+3.0
Equipment	9,640	−1.0	10,120	+5.0
Final domestic demand	103,710	−0.2	105,280	+1.5
Export of goods and services	45,250	+0.6	46,515	+2.8
Total demand	148,960	0.0	151,795	+1.9
Less imports of goods and services	49,195	+1.3	50,620	+2.9
Gross domestic product at market prices: Without inventory changes	99,765	−0.6	101,175	+1.4
With inventory changes	102,265	−0.1	104,175	+1.9

Source: Economic Research Department, Helvetic Technical Academy, Zurich.

A Swiss infantryman patrolling the Alps

Military service

CONTINUED FROM PREVIOUS PAGE

to sack many workers, recently attributed the co-operation of Swiss unions in this process to the binding force of army life, "which brings all sorts of different people together to share similar problems."

He also said that this gave both workers and employers a chance to understand in discussion more of the other's specific problems. But at the same time, a successful military career, especially as an officer, undoubtedly makes it easier to obtain a position in civilian employment.

In examining a jobs survey of the entire officer corps of Border Division 2 Steinberg found a high level of executive representation. "There were, of course, no workers," he says. Firms represented were a Who's Who of Swiss business.

The media give considerable coverage to current material issues. These include the long-debated questions of the establishment of a camp and training ground at Rothenturm and whether Switzerland should purchase the West German-made Leopard 2 tank (the favourite) or the U.S. Abrams M-L, the production of a new Swiss-made model SIG assault rifle, and road accidents which army drivers, like their counterparts elsewhere in the world, seem constantly to be having. But, in a way reminiscent of Israel, after a certain level of exposure and detail has been reached, the door of secrecy is firmly closed. For after all, the armed forces are the last line ensuring the preservation and survival of Swiss society and government.

A major issue is one faced by all armies in peace time—how to provide and maintain motivation. In broad terms, some of it comes from the nature of the military job, because its stresses and tests (often in unpleasant weather conditions) are welcomed not just as a national duty but also as an opportunity for individuals to shake free from the rounds of daily life and to prove themselves.

Part of motivation comes also from history and tradition. Niccolo Machiavelli's comment "The Swiss are most armed and most free" is still true. As the report of the U.S. generals observed: "Since 1815, the Swiss have not fought in a foreign war, yet they have maintained the tradition of a citizen army and rifle and pistol shooting are among the nation's most popular sports with almost every village having a shooting range, over 3,000 ranges in all."

Television shows men going off happily for practice with four year old sons armed against the noise with ear muffs and carrying toy rifles.

What emerges is the interplay of Swiss nationalism, the predeliction of its citizens (in spite of neutrality) for the martial arts, and a genuine feeling that Switzerland is worth defending. In this, the army provides a school and constant process of re-education for its citizens. As has been remarked with apposite accuracy, "Switzerland has no army. Switzerland is an army."

When caution pays off

IN A period that has called the prudence and good management of the international banking system into question, and has badly dented the reputations of a good many individual institutions, the Swiss banking community has found itself held in unusually high esteem.

Domestic political pressures on the banks (discussed elsewhere in this survey) appear to have abated, while an unseemly dispute with the U.S. authorities over "insider" securities trading based on the anonymity of Swiss accounts was settled to the apparent satisfaction of both sides last October.

Far more important, however, has been the impressive strength of the Swiss banks' international loan books compared to those of their competitors in almost every other country. At the most generous estimate, no more than about 14 per cent of the total assets of the major banks are in the developing countries and of these, the great majority are in the form of export credits guaranteed by the federal government's Export Risk Guarantee Fund.

Unlike their counterparts in most other countries, Swiss banks did not rush into the market for syndicated loans to Third World Governments which flourished in the 1970s. The reason was simple enough: strict capital ratios made it impossible for them to refinance such loans on terms that would have allowed them to be competitive.

Nor were the authorities prepared to tolerate significant departures from these rules by Swiss banks' foreign subsidiaries.

Herr Bernhard Mueller, director of the Swiss Banking Commission, acknowledged last spring that "Swiss banks have called off many deals in the past because of the high cost of funds our rules have imposed on them. But I believe they are now very happy with that situation."

In Zurich's elegant Bahnhofstrasse, a senior executive concedes that "we suffered years of annoyance that our more expensive funding base cramped our expansion. Yet now we are far better placed. I do not think anyone in Switzerland would disagree that it is preferable these days to have banks that are over-capitalised."

Yet Swiss bankers are keenly aware that their fortunes are intricately bound up with those of the international banking system. The major institutions have taken part in many of the huge restructuring operations undertaken on behalf of troubled sovereign borrowers, while in the case of Yugoslavia, the Swiss Government played a leading role.

In the words of a general manager of one large bank, "the role of this country as a financial turntable for the borrowings and investments of the rest of the world depends on the health of the international financial system as a whole."

With the first round of major financial restructuring operations now largely in place, the current Swiss judgment on the health of that system is cautiously positive. "We are experiencing a lull," says one senior regulatory official, "in which some of the panic atmosphere has now passed.

"Bankers are once again showing more discrimination between different borrower governments, and at the same time there are a few positive signs in the world economic outlook."

Yet neither the Swiss authorities nor the banks underestimate the difficulties of the second round of restructuring operations which they believe is looming over the international banking system.

There is some disagreement in Zurich over whether funds will be readily available, given that many banks are already heavily committed for years ahead by the first round agreements.

Some Swiss bankers believe there may be an actual shortage of liquidity available to banks—though others point to the huge volumes of funds flowing into equity markets as proof that liquidity does not appear to be in short supply. Most are agreed, however, that the quality of risk and its accurate assessment should remain the central concern for commercial banks.

As concerned as the Swiss are for the health of the system, they are also largely united in the view that it is no part of the regulatory authorities' role to supply banks with judgments on the creditworthiness of borrowers. Still less do they favour the more comprehensive "lifeboat" schemes put forward under which central banks should set out detailed ground rules of what action might be taken to rescue a major international bank from serious trouble.

For the Swiss banks themselves, the uncertainties overhanging the international banking system are not the only cause for concern. The recession has bitten deeply into the business of several of Switzerland's traditional export industries: mechanical engineering, armaments and power engineering companies are some of those whose new orders have been severely reduced and whose profitability has been badly eroded.

While Switzerland has not yet suffered a major corporate collapse, the banks were obliged two years ago to embark on the reorganisation and financial underpinning of the troubled watch industry. Earlier this year the major banks disclosed plans effectively to merge SSIH and Asuag, the two largest watchmaking groups, on terms that appear likely to raise substantially the banks' own equity involvement.

Herr Mueller of the Banking Commission believes that "the biggest risks lie with the biggest banks," and he expresses little concern at the suggestion that the difficulties of some smaller companies, while less threatening in absolute terms, might nonetheless weigh heavily on cantonal and local banks. The commission's confidence may rest partly on the strong interdependence of the Swiss banks and on their common commitment to see their industrial customers through bad times.

For the banks' earnings, meanwhile, there appears to be little cause for concern in the current financial year. In the 1982 year, published profits of the five largest institutions (Union Bank of Switzerland, Swiss Bank Corporation, Credit Suisse, Suisse Volksbank and Bank Leu) rose by an average of 14.3 per cent. For the first half of 1983, the banks all reported an increase in earnings from the same period a year earlier.

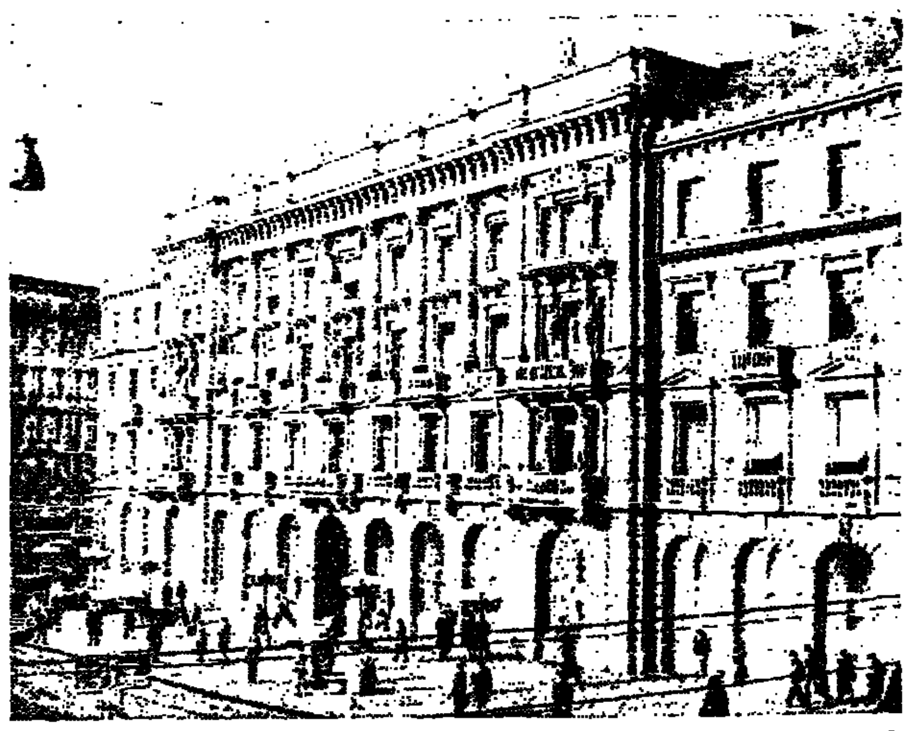
A study by the Banking Commission published in April showed that in 1979-81, Swiss banks' earnings were actually lower than the published figures suggested. The banks, while gratified at receiving such authoritative support for their efforts to improve their public image, claim in private that they are once again making more money than they declare in their published figures, making it possible to rebuild hidden reserves that in some cases are known to have been drawn heavily down in recent years.

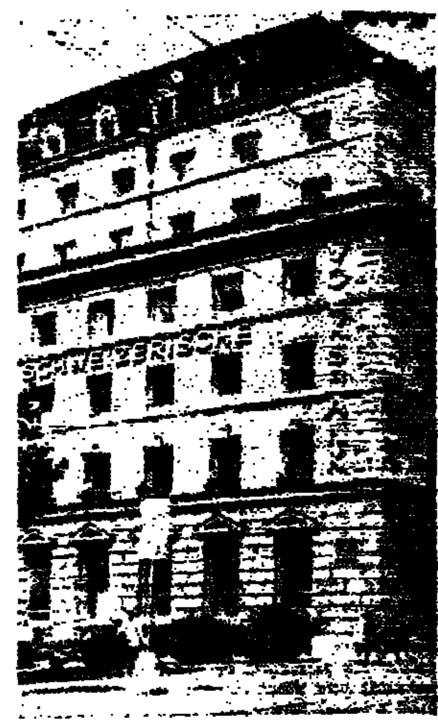
The main factor weighing on earnings during the period of the Commission's study was the inverse yield curve, driving short-term interest rates far above longer-term rates, that resulted in 1980-81 from the leap in U.S. and Euromarket interest rates, and coincided with a period of abnormally high inflation in Switzerland itself.

With these exceptional conditions now well behind them, Swiss financial markets have settled back to more normal interest rate relationships and expectations. For the banks, this means a return to wider margins on domestic loans business as the cost of refinancing their politically sensitive, low cost mortgages and other long-term lending has dropped.

At the same time, few bankers expect much improvement in the volume of Swiss corporate loan demand unless the world economy picks up much more rapidly than now appears probable.

Foreign exchange and precious metals dealing are not expected to yield the high profits of some recent years, though against this bankers are looking to the long bull market in equities and to the continuing boom in Swiss franc foreign lending for some juicy fee income this year from brokerage, underwriting and fiduciary business.





The Zurich headquarters of two of the big five Swiss banks (left to right) Credit Suisse and Volksbank

Banking

ADRIAN DICKS

Thrifty habits bring benefits to sector

SWITZERLAND CONTINUES to consolidate its position as one of the world's most important insurance centres. A recent enquiry by the industry's own information unit shows that overall premium income last year showed a "gratifying growth" over the nearly SwFr 25bn ($12bn-plus) recorded for 1981.

Annual reports of leading insurers point to increased rates of 9 to 14 per cent for non-life business and 11 to 16 per cent for life and annuity premiums.

The national market is itself one of the best. In fact, in per capita terms the Swiss spend more on insurance than does any other nationality. A report issued this spring shows that by 1980, the latest year for which figures are available, Switzerland booked premium volume of the equivalent of $960 per head of population, as compared with $834 in the U.S. and $556 in the UK. As a share of gross national product, this approximated 6.1 per cent—a level second only to that of the U.S.

At the same time, Switzerland's advantages as a financial turntable have brought a great deal of business to its insurers. Companies like Zurich, Swiss Life, Swiss Reinsurance and Winterthur are big names on the world market, quite apart from the foreign presence of many other of the country's 84 direct-insurance and reinsurance firms.

The Government recently estimated that in 1981 foreign business accounted for some SwFr 13.5bn ($6.6bn) of total premiums. That sum has doubtless risen substantially in the meantime, the result both of internal growth and the acquisition of such companies as Universal Underwriters in Kansas City by Zurich and of the Dallas-based Republic Financial Services concern by Winterthur.

Business has been developing particularly well for the life assurance companies, most of whom are satisfied and some more than satisfied with the past year. In Switzerland itself, group life and annuity policies have received a considerable boost from the forthcoming introduction of the new Occupational Pensions Act—although this has recently been postponed by one year until January 1 1985, and by no means all of the new business goes to professional insurers.

Apart from this, voluntary individual coverage is profiting from insurers' attempts to promote this so-called "Third Pillar" beside state pensions and obligatory employees' pension funds.

Premium growth appears to have been even greater abroad than in Switzerland in the life-assurance sector, however. Although the Swiss franc no longer promises such currency gains as to make individual policies particularly attractive for non-residents, the major groups continue to do well in local business through foreign subsidiaries.

They also profit from the fact that there is an international trend towards improving employee pension coverage. Companies like Swiss Life — now the biggest European operator—have become specialists in pension programmes for multinationals.

Earnings seem to have risen even faster than premiums for the life sector over the past year. Apart from the overall rise in premiums, interest yield has been generally substantially higher.

When it is considered that the country's three leading life assurance companies — Swiss Life, Winterthur Life and Vita —alone have investment portfolios totalling at least SwFr 32bn ($15.6bn), it is clear that changes in interest levels are of very considerable importance to the industry. Once again, the non-life insurers and re-insurers have had good cause to bless their rising investment income. Most companies saw a further deterioration in their under-

Insurance

JOHN WICKS

CONTINUED ON NEXT PAGE

Foreign bond market maintains strong growth

Capital markets

ADRIAN DICKS

THE SWISS franc foreign bond market, although barely a quarter the size of the Euro-dollar sector, last year further strengthened its position as the second largest source of funds for internationally active borrowers.

Public bond issues worth SwFr 9.97bn (up from the previous year's SwFr 7.75bn) and privately placed notes worth SwFr 18.2bn (compared to SwFr 11.85bn) were successfully sold to investors, while a further SwFr 9.8bn (up from SwFr 7.8bn) was raised through bond issues by domestic borrowers, including the federal, cantonal and local governments.

In addition, Swiss-based banks provided some SwFr 9.8bn in financial and export-linked credits—well below the previous year's SwFr 12.78bn.

In the first half of this year, foreign borrowers raised SwFr 4.91bn on the public bond market, compared with SwFr 4.76bn for the same period of 1982. The private placements volume, after deducting re-financing operations, jumped from SwFr 7.52bn to no less than SwFr 10.46bn.

No single factor has influenced the market's rapid growth more than volatile U.S. interest rates, which have helped to drive Swiss rates back to more normal relationships. The market has put firmly behind it the period of abnormal distortion that resulted in an inverse yield curve during much of 1981, with short-term money dearer than long-term.

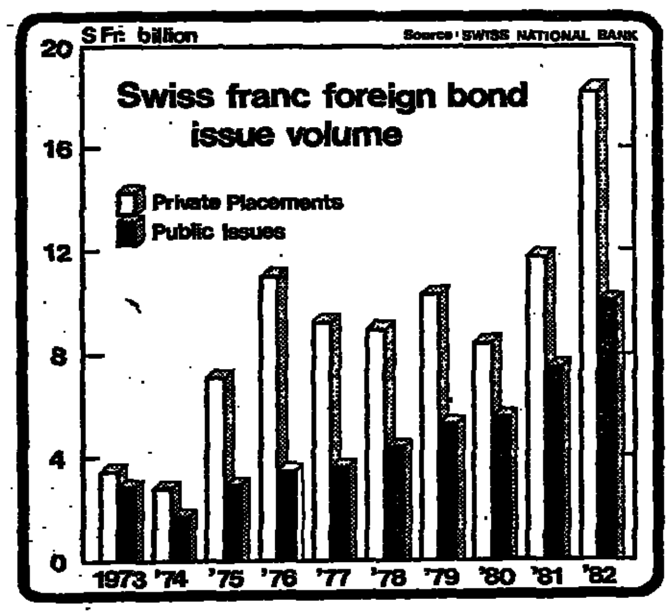
The Swiss inflation rate, which was still slightly over 5 per cent last year, had fallen to no more than 2.2 per cent by July and is widely expected to be running at or below 3 per cent year-on-year by the end of 1983.

Short-term EuroSwiss franc rates have dropped to below 2 per cent, while bankers say that the Swiss federal treasury paid 4½ per cent on a bond issue in mid-August. Despite a brief flurry of unease about interest rates earlier this spring, there seems little general expectation that they will rise unless there is a sudden reversal of the present trend in New York.

The Swiss market thus looks attractively cheap to many foreign borrowers, or at least to those who are not troubled by the prospect of making repayments in Swiss francs. The result of this situation, however, has been a heavy inflow—some Zurich bankers even call it an invasion—by a group of borrowers to whom these conditions appear ideal. Japanese industrial companies looking for funds on better terms than they find at home.

Japanese borrowers have not had the Swiss market entirely to themselves; a number of well-known sovereign and supranational borrowers including New Zealand, the World Bank and the Inter-American Development Bank have also come to the market, as have a handful of big foreign banks (mainly in currency swap deals) and a few North American industrial names. Yet, according to one prominent bank in the Zurich capital market, the lion's share of private placements, in particular has been for Japanese borrowers.

As has happened after comparable Japanese invasions of other sectors of the Euromarkets, a good opportunity was pushed too far. Coupons on Japanese straight bonds and notes were by March being raised to 6-6¼ per cent, a full percentage point above what other borrowers were then paying. Swiss banks were running into investor resistance, and considerably greater selectivity has been the result.



Straight issues have dwindled in numbers, other than those on behalf of borrowers with Japanese Government guarantees, while the Tokyo authorities have also sought to impose an outward queueing system for prospective borrowers. At the same time there has been an increase in the number of convertible bonds and notes being offered.

With coupons around 3½ per cent (little changed since the spring) these offer the Swiss investor the opportunity, at a relatively modest 5-10 per cent average conversion premium, to take part in the current bull market in Japanese shares.

From the borrower's point of view, this route represents a cheaper way of raising equity finance than a public share issue on the Tokyo Stock Exchange.

The Swiss banks are unanimous in believing they have hit on an instrument that benefits everyone. Swis investors, though they may never have heard of the Japanese borrower, rely heavily on the research done by the banks and are thus inclined to see convertible bonds and notes as "Swiss risk" denominated in Swiss francs .

Bankers say that most conversion options are exercised early and the proceeds reinvested, suggesting that there is little interest by their clients in holding long-term positions in Japanese shares.

The popularity of private placements has been increasing ever since 1976, when the Swiss National Bank lifted its ceiling on them. Placements need not be notified to the National Bank and are not usually formally syndicated, but sold to the underwriting banks' own customers.

The borrower must expect to pay slightly more than might be the case for a public issue, but saves in fees that would otherwise be involved. This makes placements an ideal vehicle for smaller issues in the SwFr 10-20m range, especially where the borrower is not a well known name.

The market's existence has also sometimes saved the Swiss authorities political embarrassment. On the last occasion that a South African borrower came to Zurich the National Bank let it be known that it would have felt obliged by political considerations to use its right to veto a public issue if that route had been chosen.

The potential disadvantage to the investor of private placements is that no real secondary market yet exists for the notes. Typically sold in high denominations — SwFr 50,000 is a frequent figure — they are reported by bankers to be most popular with wealthy private customers.

The big Swiss banks all guarantee to try to match a prospective sale of notes by a private investor with a purchaser, but they limit this service to notes they have brought to the market themselves. American bankers in Zurich have sought to set up a secondary market, but the Swiss claim there is no depth to the trading and complain that the Swiss banks find themselves burdened by unremunerative paperwork that results from it.

There is also a certain amount of grumbling in the banking community over the National Bank's recent attempts to open up the public bond market to competition. Most of the Swiss banks, including all of the "big five," belong to the "big syndicate," whose members have traditionally handled most public bond issues, setting terms, effectively deciding among themselves the order in which issues come to the market, and arranging for the placing of the bonds.

Last November the National Bank announced that it wanted to give greater scope to the four smaller syndicates, and allowed foreign banks to take part in management groups for Swiss franc issues. The second of these changes has been more or less willingly accepted by the big Swiss banks, which have recognised that they can greatly strengthen their relationships with foreign banks by letting their Zurich or Geneva subsidiaries participate in issuing syndicates as co-managers. The development of such a role for Japanese banks in handling this year's flood of Japanese issues has indeed, greatly helped the market absorb the paper.

The big syndicate is, however, much less inclined to accept the National Bank's idea for reforming the issuing system itself. Senior executives of the large institutions argue that with 85-90 per cent of the deposits of the Swiss banking system, the members of the big syndicate have far more placing power than the members of the smaller groups, which they dismiss as being able to "function only in good times."

Some even claim that the National Bank is preventing issues from coming to the market through the big syndicate in order to give its smaller challengers more places in the calendar. Out of 10-12 public issues in a normal month, the big syndicate normally receives up to seven.

Meanwhile Swiss equity markets, while climbing more modestly than those in many other countries during the past six months, have none the less registered steady gains. The Swiss Bank Corporation index rose from 294.4 at the New Year to a peak of 347 on August 4, though the market continues to be sensitive to hints of firmer interest rates in the U.S.

Sentiment has hardly been encouraged by a year of gloomy results for much of Swiss industry, culminating in the ambitious plan launched earlier this year to restructure the two main companies in the watchmaking sector.

Industrial stocks have been frequently dampened by bad corporate news, while the prospect of costly corporate rescue operations has even delayed the recovery of bank and insurance shares.

Thrifty habits benefit insurance

CONTINUED FROM PREVIOUS PAGE

writing results in 1982 to an even deeper shade of red, so it is thanks to their capital income that they have improved overall net profit levels.

Claims continue to show an overall growth, not only because of inflation and a large number of major catastrophes during the year, but also in the light of soaring medical and repair costs, a rise in crime and probably also more insurance fraud.

As always, premiums lag behind inflation, a fact which is aggravated by official price controls and in part tough international competition. Re-insurance companies are still among those subject to pressure from "cut-price" competitors, many of whom are recent entrants to the market.

Swiss insurers are concerned about the rise in underwriting losses, though these are more than offset by growing interest income. Speaking at the annual meeting of the Helvetia Group in Zurich this spring Helvetia Fire's general manager Dr Fritz Hefti spoke out against the "heresy that it is possible to accept almost unlimited losses on actual insurance business in the light of good investment earnings."

He expressed the hope that the falling interest trend would bring about a return to common sense, given what he called the "desolate technical condition" of numerous branches of the insurance industry.

Cautious note

The enquiry carried out by the Berne-based Versicherungs-Information body earlier this year indicates that 1983 will probably run very much along the lines of last year. Life assurance companies await rather lower investment yields —albeit on a higher portfolio sum—than in 1982, but are encouraged on the other hand by what they see as a tendency on the part of the thrifty Swiss to increase their savings even further.

Non-life insurers strike a more cautious note, since a weakening of interest rates is not likely to be made up for by any improvement of underwriting results. Though inflation is falling, they fear a continued rise in claims—not least in the sickness-insurance sector—and continued difficulties in raising premiums.

Insurance companies and pension funds remain extremely important lenders on the national capital market. This accounts for a major share of their overall Swiss investments: bonds alone make up over one-third of the life assurance companies' and pension funds' portfolios and more than one-half of those of the non-life direct insurers and the re-insurance companies.

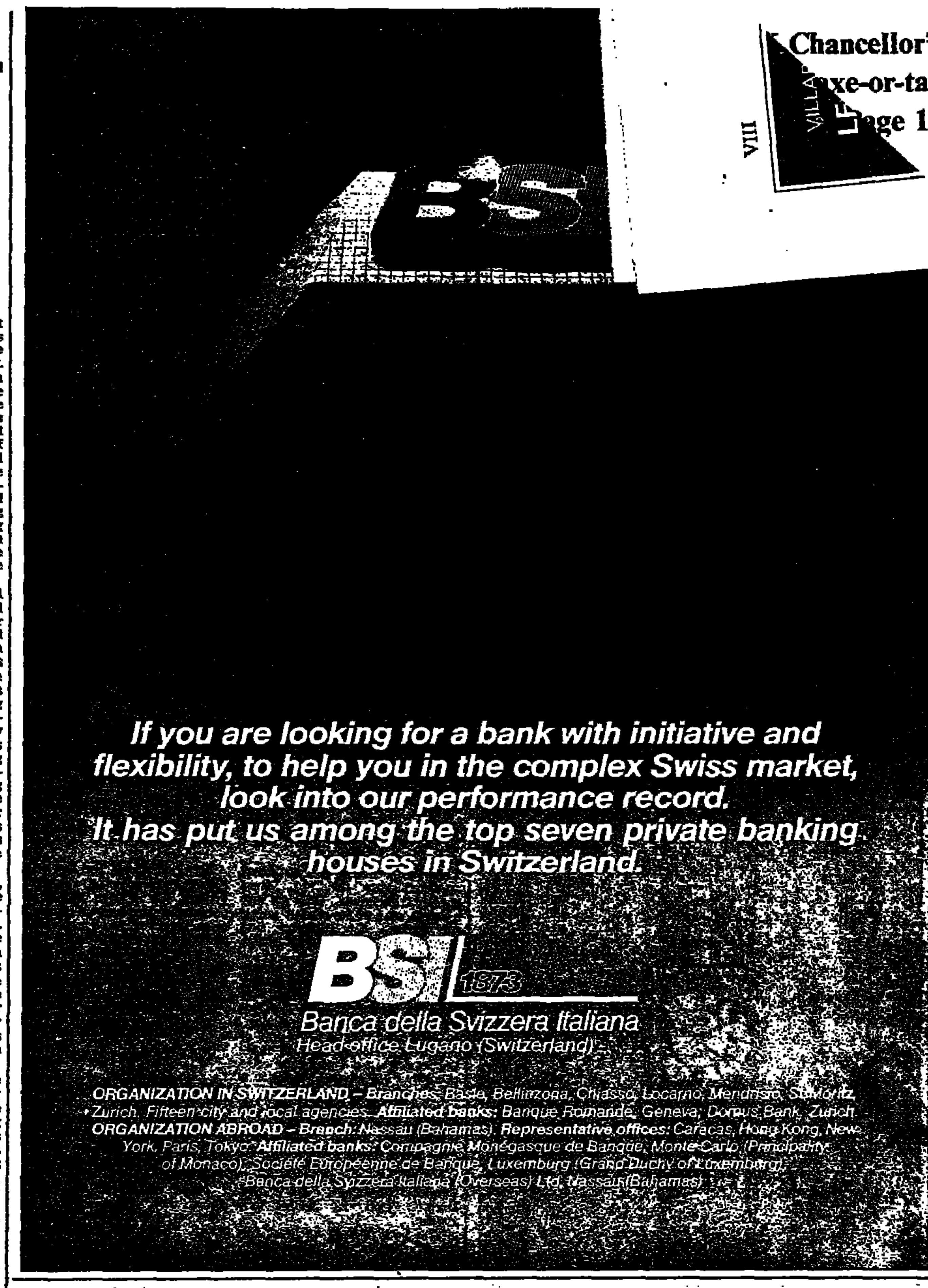
There has also been a gradual rise in their stake in the mortgage market, National Bank figures showing that by the end of 1981 insurance companies, sick funds and pension funds together had some SwFr 20.6bn ($10bn) of their assets in this form.

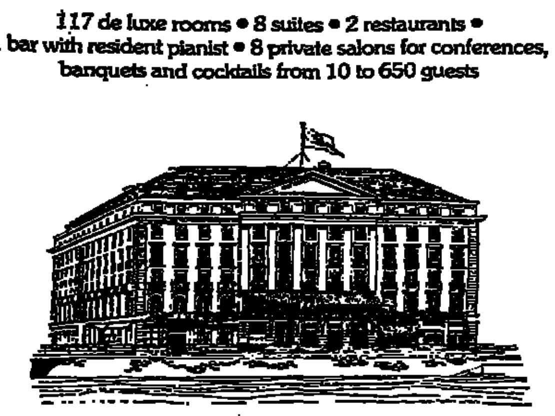
The insurance sector as a whole is also a leading—doubtless by far the leading—investor in Swiss property, with overall holdings in this field which today must be in the region of SwFr 30bn.

As borrowers, the insurance companies made little use of the Swiss market in 1982, with a single convertible-bond issue worth SwFr 120.6m by Zurich and two small registered-share issues worth a total of only SwFr 5m by The General of Berne and Familia Life. In February of this year, though, Winterthur launched a borrowing offensive with the simultaneous issue of SwFr 240m worth of convertible bonds and SwFr 60m worth (issue value) of registered shares.

The big insurers are certainly among the leading names on the Stock Exchanges. Zurich, Winterthur and Swiss Re were in the Zurich bourse's top ten last year in terms of market value and the top 15 in terms of trading volume. Although current yield in insurance shares is no more than some 2.2 per cent, they are considered a good buy.

The past months have brought at least some rewards to shareholders, too; last November Swiss Re announced a dividend increase in respect of 1981, while this year Zurich has put the dividend up for 1982 and Switzerland General returned to a pay-out after two years of "abstinence."





Leaders in key manufacturing sectors

FOR ALL ITS ski slopes and bank vaults, Switzerland is one of the most highly-industrialised countries in the world. In 1981 the industrial sector created an estimated Sw Fr 74bn, or nearly $36bn, in added value—the equivalent of about Sw Fr 61,250 per employee.

Merchandise exports alone account for over one-third of gross national product, with Swiss companies among the leaders in such key industries as machine-building and chemicals.

Although still remarkably prosperous in any international comparison, the country is currently passing through a long period of recession. Industrial output is falling for the third successive year, the industrial labour force is shrinking and the order book volume was 11 per cent lower this spring than a year earlier. Nor is any real upswing likely before next year.

Sluggish domestic and foreign markets, together with continued pressure on profits, *have naturally had a dampening* effect on investments. Industrial building projects are at their lowest level for years while investment spending on equipment is expected by the Government to repeat its real-terms 1982 decline of about 5 per cent this year.

Many companies would be glad to get back to using existing capacities, quite apart from thinking about expansion. For the past year, in fact, the stress has been on thinning out uneconomic operations; a total of 220 industrial premises in the terms of the Factory Acts closed down in 1982, bringing the total down to 8,657 against 9,265 as recently as January, 1978.

These developments have refuelled the old argument as to whether Switzerland is still a good site for manufacturing. There are certainly disadvantages enough apparent in a Swiss production base, not least those inherent in the continuing strength of the national currency and the fact that by the end of 1982 male wage-earners in industrial and craft employment were earning an average of about $7.15 per hour.

At the same time, it is anything but easy to find a new site to build a plant in Switzerland; industrial building land is rare, dear and subject to frequent blocking moves from an environment-conscious public.

Indeed, an important share of Swiss industry's fixed-asset investment is today taking place abroad. Almost all major manufacturing companies in Switzerland may be regarded as more or less multi-national. The exigencies of the market-place have led them to an increasing extent to acquire foreign plants or set up green-field factories of their own closer to their customers.

The fact that relatively little bricks-and-mortar growth appears to be taking place in Switzerland itself is something of an optical illusion, though. In 1982 *for example*, the three Basle chemical concerns (Ciba-Geigy, Roche and Sandoz) devoted an average of over 31 per cent of group investments to Switzerland, the Alusuisse group showed a Swiss share of *almost 70 per cent*, and the internationally active conglomerate Oerlikon-Bührle invested over 67 per cent of the sum in Switzerland and Liechtenstein projects.

This development reflects an industrial revolution of a very particular — and very Swiss — kind. Its almost complete lack of raw materials has always kept Switzerland's industry out of high-tonnage, low-value production.

Today's lack of manpower and space have accelerated the resultant search for advanced technology and an ever-increasing value-added component in manufacturing. While standard or bulk products can still be turned out by foreign subsidiaries, new investments at home have, of economic necessity, to feature "something

Industry

JOHN WICKS

special"; for export or on the wide-open home market, manufacturers have to aim for leading-edge goods able to demand a high unit price and good price-elasticity.

Where these qualities are missing, it is generally hard for the Swiss to hold their own. Over the years much of the textile and shoe industry has disappeared, together with most commodity chemicals and the bulk of the once-thriving pin-lever watch industry. Fortunately, a new technology has moved in fast, so that even now during a major recession unemployment is running at only 0.8 per cent. *(An albeit very rough idea of current industrial economics in Switzerland is given by the fact that visible exports have an average value of over SwFr 10,000 per tonne, or well over five times corresponding import prices.)*

The need to innovate is made easier by the traditions of skilled work in existing Swiss factories and the high level of trade and professional training. The number of apprentices has been *rising continuously since* 1969 and totalled 178,735 at the end of 1981, while nearly 64,000 University students were registered for 1981-82.

Similarly, the business sector spends a large amount on research and development. Estimates by the employers' association Vorort put total industrial R&D expenditure at some SwFr 2.77bn ($1.34bn) for 1980, the most recent year for which calculations are possible, of which about SwFr 1.49bn ($723m) alone was accounted for by the chemical companies and SwFr 1.12bn ($546m) by machine-builders. Of the more than 19,000 research staff, some 10,300 were graduates.

In Switzerland itself there is a long-standing fear that one day the country may become little more than a think-tank and administrative headquarters for a series of industrial giants. In fact, the companies themselves are out to prevent this—as witnessed by their continuing new investments in plant and equipment at home.

Current philosophy is that neither research nor administration can be carried out properly "in vacuo" at too great a distance from the factory floor. Also, the substantial cost of Swiss-based R & D facilities means that hard Swiss francs have to be earned out of production for financing them.

Certainly, the major expansion of Switzerland's industrial concerns during the coming years will continue to be on foreign sites. At the same time, the continuing opportunities for technological and scientific progress seem sure to retain the country's character as a lucrative manufacturing base.

Foreign subsidiaries are flourishing

THE PAST YEAR has not been an easy one for the Swiss chemical business. With all but a small part of its output going for export, the industry has been directly affected by world recession.

Output from Swiss plants showed a slight drop from 1981 levels, while exports rose by only 2.3 per cent—the equivalent of a 4.2 per cent decline in real terms. The situation is improving, however, with first-half exports up 4 per cent over the same 1982 period despite a small price drop.

Despite its numerous difficulties the industry has been holding its own. "Compared with other Swiss industries and with our European competitors we have done rather better," Sandoz chairman Dr Yves Dunant said in Basle this spring.

The fact is that at least the major producers (Ciba-Geigy, Hoffmann-La Roche, Sandoz, and the Alusuisse subsidiary Lonza) all improved both nominal earnings and actual profitability in 1982. Furthermore, all of them are expecting the current year to yield results which are at least no worse.

In fact, consolidated corporate results are not comparable with statistics for the national industry. The leading Basle companies, who account for the lion's share of Swiss chemical operations, are all multinationals with important manufacturing bases abroad.

Many of these foreign subsidiaries are growing rapidly, a growth not always obvious in corporate accounts due to the translation of sales and profits into the rock-hard Swiss franc.

In terms of local currencies, 1982 sales by the Ciba-Geigy and Sandoz group rose by 8 and

Chemicals

JOHN WICKS

17 per cent respectively. Restated in Swiss francs, turnover growth rates were only 1 and 5 per cent for the two concerns.

More important than the rates at which sales have developed is the trend in actual yield. The return-on-turnover rate for Roche went up to nearly 4 per cent, that of Ciba-Geigy and Sandoz to 4.5 per cent last year. This is encouraging, though hardly much more.

Speaking for the industry as a whole, the trade asssociation SGCI says that profitability levels are too low. Certainly, the Basle groups were working with yields of 6 and 7 per cent and more in the halcyon days of the early 1970s.

Dr Louis von Planta, chairman and managing director of Ciba-Geigy, is therefore not alone when he says: "Our first priority is to improve profitability". With the exception of a relatively small consumer goods sector angled at the home market, the Swiss chemical industry is a highly innovative business with a corresponding need for intensive research.

Corporate R and D spending accounts for anything from 7 to 15 per cent of sales, depending on product; in Swiss laboratories alone, chemical research expenditure is believed to have reached about SwFr 1.5bn in 1980, with probably another SwFr 600m going on R and D work outside the country. This kind of spending calls for a more or less comfortable profit margin.

In the past couple of years chemical managements have been trying to improve these yields by a review of their costs. Almost simultaneously, the leading companies came to the conclusion that considerable savings could be made particularly among the white-collar workers at their Basle head offices. Hundreds of jobs have been or are in the process of being phased out as a result.

Rationalisation is certainly not confined to the parent companies alone, as proved by such recent moves as the Ciba-Geigy re-organisation of the Ilford division, a Roche "cost analysis" programme in the United States and elsewhere or the sell-off by Lonza to ICI *of its polyvinyl chloride plants* in Germany and Switzerland.

BASLE CHEMICAL INDUSTRY

	CIBA-GEIGY 1982	CIBA-GEIGY 1981	HOFFMANN-LA ROCHE 1982	HOFFMANN-LA ROCHE 1981	SANDOZ 1982	SANDOZ 1981	LONZA 1982	LONZA 1981
	(SwFr m)							
Group turnover	13,808	13,599	7,100	6,775	6,053	5,766	1,490	1,355
Parent-company profits	165	147	67	64	90	81	14.5	14.1
Group profits	622	521	281	253	273	227	—	—
Investments	868	875	704	605	253	305	96.5	103
R & D spending	1,175	1,076	921	808	497	463	45	37
Group employees (total)	79,413	80,179	46,484	44,033	37,262	36,353	7,289	6,893

At the same time, the industry continues its constant battle to earn more by raising the added-value content of its products. As well as keeping up the innovative flow from "established" operations, the companies are keen to expand into promising new fields of activity.

Without a steady stream of new products, there seems little chance at present for Swiss companies to earn more. Quite apart from the disadvantage of a Swiss franc which is high in *relation to most other* currencies, chemical prices are under pressure. The country's wholesale index of chemical prices actually dropped 1.6 per cent between September, 1982, and this March.

Latest investment programmes show that the industry wants to keep plenty of options open, retaining and developing a wide range of product groups and national markets. Growth will naturally be centred on potentially lucrative business; in the Ilford photochemicals operation, now the subject of an expensive relocation scheme, Ciba-Geigy has the modest aim of "not losing any more *money," but generally invest*ments are linked to real earning potential.

In this connection, it seems that pharmaceuticals could well increase their share of an estimated 40-45 per cent in overall Swiss chemical output. Although sales ex-Switzerland fell by 2 per cent in 1982 and despite justified industry worries about eroding patent protection, generics and governmental price controls, the pharmaceutical business is still paying well.

It stands to be boosted substantially in the future by the development of new biotechnological processes and has acted as touchstone for the build-up of interesting new activities in such fields as health-care equipment and diagnostics.

Genetic engineering also seems certain to advance the agro-chemicals and seeds sectors, in which the Swiss companies have an important stake — though sales are suffering a marked setback this year by *the reduction of agricultural* acreage in the U.S.

Most other chemical products — whether dyestuffs, flavours and fragrances, chemical intermediates, plastics or consumer chemicals — will presumably enjoy an upswing once there is a noticeable recovery in the economy. The traditional Swiss "dyestuffs - and - chemicals" sector, long faced with weak industrial demand and poor prices, is far from being played out, incidentally; in January, Sandoz paid $72m for the Sodyeco Division of Martin Marietta, after having bought up another sulphur-dye producer (Cardoner in Spain) in 1980.

All in all, this year seems to be relatively promising. Sales of the "Big Three" rose by 5 per cent for Ciba-Geigy and Sandoz and 11.5 per cent for Roche in the first half, Sandoz recording "satisfactory" and Roche "slightly improved" earnings.

Whether 1982 profits can be repeated, though, depends on *exchange rates and such de*velopments as those in the agricultural sector.

Few signs of recovery

THE LONG-LASTING international recession has thrown a heavy spanner into the works of the Swiss engineering industry. Exports of the metals and machine-building sector rose by only 2 per cent last year, or at well below the inflation rate.

The real-terms decline in overall turnover was even greater, with sales barely reaching the nominal 1981 value despite growth of some 5 to 6 per cent in the first half; by the final quarter, turnover was down by 8 per cent or more on the corresponding period of the previous year.

The hard times have been reflected in the annual reports of almost all the major manufacturers. The three biggest Swiss machine-builders—Brown Boveri, Sulzer and Oerlikon-Bührle—are all to cut back their dividend in respect of 1982, while Georg Fischer and Von Roll are among businesses unable to pay anything at all to shareholders.

The labour force of the metals and machinery industry fell last year to about 5 per cent below the 1975 level, with 3,500-odd unemployed and nearly 35,000 employees on short time by the year's end.

There are very few signs of recovery this year so far. The industry entered 1983 with what, for the Association of *Swiss Machinery Manufacturers* (VSM), are in effect the thinnest order books on record. In the fourth quarter of last year, VSM member companies' orders on hand were equal to only 5.9 months' production—as compared with 9.8 months in the boom year 1974.

Virtually all branches of the industry were affected by the drying up of new business, in particular the textile machinery and machine tool manufacturers. At the end of 1982, in fact, every product group was seen as having less work in hand than would cover average production times.

Initial figures show how the *crisis is, indeed, continuing.* Latest Customs Directorate statistics point to a nominal drop of over 4.4 per cent in Swiss exports of machinery and instruments for the first half of 1983 over the same period *of last year, this again repre*senting a much greater drop after adjustment for inflation.

Sincep plant and equipment investment in Switzerland itself is obviously shrinking, the home market is unable to make *up the slack. "The silver lining* is a long time coming," said M. Pierre Borgeaud, chairman of USM, in August.

News from the labour market confirms this view. By the end of March the number of jobless in the industry *had* grown to almost 4,000 and that of workers on short time to over 38,450.

Since then the total has probably grown further; on a single day in April, Brown Boveri *announced plans to increase the* number of short-time employees from 700 to about 2,200 in its Swiss works during the coming six months, while Sulzer's Swiss locomotive and machine works decided to put 300 employees on short time and the Georg Fischer group disclosed that it was to close a subsidiary plant in Aarau. Many more lay-offs and short-time programmes have been announced since.

Mechanical engineering

JOHN WICKS

In the medium term there is some reason for optimism. The economies of major industrialised countries, who are the most important markets for Swiss machinery, are generally showing signs of improving.

Certainly, the engineering industry has reason to be pleased at the settling down of exchange rates. Not only are companies glad to be able to calculate better in the absence of marked fluctuations in the foreign currency market, but the Swiss franc is no longer at an unacceptably high level in terms of the dollar and the D-Mark is at last strengthening.

There is no danger of anything approaching euphoria, however. Most recent developments disprove forecasts that there would be a recovery in *the current year,* warns M. Borgeaud. Any real improvement is likely to wait until next year — and even then be no more than a modest fillip.

Even when business does start looking up, it will take *some time for the industry to* get back into shape again. Quite apart from the need to return to something closer to full capacity use and full employment, machine builders' earnings have fallen considerably in the past few years.

On the average cashflow seems to have dropped by more than half since the mid-70s. Quite a few companies are working at minimal profits or an actual loss, despite the freeing of part of their capital resources.

There is little opportunity, at present, to lift profitability by raising prices. Swiss companies, who prefer to bill in copper-bottomed Swiss francs, are rarely able to put up prices by adequate amounts —if at all—in a listless market at a time of sharp competition.

Again to quote M. Borgeaud, who is also management chief of the Sulzer Brothers engineering group: "It should be taken *as a* warning *sign that* cash-flow has fallen off at a time when technological change has concentrated, largely as a result of developments in the electronics sector, and calls for the use of more funds. Insufficient cash-flow generally means . . . that a company becomes less and less able to adjust to the continuous change process."

In fact, the industry is well aware that its future lies in the software rather than the hardware element. As in any other Swiss industry, there is little room for run-of-the-mill production and stock items. The innovative effort of Swiss machine builders is apparent in the fact that R and D spending by engineering companies is believed to have reached some SwFr 1.12bn by 1980 and doubtless risen since.

At present, the question is how much of this effort can be financed from operational earnings. Profits will have to make quite a comeback to guarantee the meeting of growing research needs.

Creeping crisis enforces reconstruction

A timely merger

A CREEPING crisis in an industry that once was supreme in the world has led to a merger of the two biggest watchmaking concerns. The merger, between Allgemeine Schweizerische Uhrenindustrie (ASUAG) and Societe Suisse pour l'Industrie Horlogere (SSIH) has the backing of a consortium of banks headed by Swiss Bank Corporation amounting to some SwFr 650m over the next three years. *That money is only* forthcoming because confidence survives in the ability of the industry, and of the new merger, to prosper and to make a come-back in *world markets.*

At the same time, the hurried first announcement late on a public holiday in May did much to confirm that, in spite of a *rescue operation for SSIH in* 1981-82 costing banks some *SwFr 300m,* there *had* been building up a serious crisis—a word which watchmakers abhor *and attribute to gloomy* analyses in the Swiss and foreign press. But once the broad facts of the merger came out, more openness prevailed.

Commentators quickly made the point that the mere act of reorganisation would not be sufficient. Recession has been one factor claimed, with some justification, as a cause for the decline of the industry. But beyond that its weaknesses have been shown up.

Editorials have been bold in their criticisms of lax management and insufficient research into markets, and of duplicated costly and overstretched distribution and sales systems.

In recent years Switzerland has not been alone in experiencing some falls in watch exports and production. Japan, which along with Hong Kong and other Far Eastern producers, had so much success in cutting into Switzerland's lead through exploiting the digital watch, *experienced* a 6.2 per cent drop in pieces produced last year, with a total of 146.6m.

During the last decade, Switzerland's total production *fell from* 96m pieces in 1973 to 53m last year. Exports of watches and movements (and this is the real guide to the health of the industry, as internal sales regularly account for only four per cent) fell from 81.8m to 31.3m last year. But the value of exports has changed from SwFr 2.9bn to SwFr 3.5bn over the same period.

It is significant also that during this period of stagnation between 1973 and 1982, electronic watches, which made up only 4.1 per cent of exports at the beginning, passed the 30 per cent mark in 1980 and last year totalled 48.9 per cent.

Switzerland has kept faith with the analogue (timepieces with hands) rather than digital watch. The former now accounts for between 30 and 40 per cent of the world market.

Over this same period, the effect on watchmaking companies and on employment has been dramatic, especially in a country where the recently reached national unemployment rate of around one per cent was seen as something of a fateful landmark.

The number of companies, large and small, has fallen from *over* 1,000 ten years ago to 727 at the end of 1982. Employment

Watches

ANTHONY McDERMOTT

has fallen by half from 76,388 in 1974 to 38,151. The ASUAG-SSIH merger could result in the lay *off of* another 1,500 mainly in ASUAG. Between *them, the two companies em*ploy 13,200 people.

Dr Peter Gross, the representative of Union Bank of Switzerland on the merger committee and president of the SSIH management committee, writing in the daily Neue Zuercher Zeitung the day after the merger was announced, summed up Switzerland's fallen position as follows: between 1970 and 1982 the country's share of world watch production fell from 30 to 9 per cent. The value of these pieces, as a share of the world output, fell less dramatically from 40 to 30 per cent.

In 1982, the Suisse share by both value and numbers of the world market in luxury watches was 85 per cent. In the higher quality range, Switzerland in 1982 had 38 per cent of pieces and 70 per cent of value, in the middle category respectively 18 and 24 per cent, and in the cheap range 5 per cent of both value and pieces.

This list underlines that Swiss watches are still supreme in the high quality area. An important contribution here comes from *Geneva's Big* Three, Rolex, Piaget and Patek Philippe, which have been continuing to have success, in contrast to the more traditional watch *towns of Bienne (home* of both ASUAG and SSIH), La Chaux-de-Fonds and Grenchen.

The need to stress the high quality market is sustained by 1982's export figures. While the number of pieces fell by 31 per cent in 1982, their value fell by only 7.9 per cent. But this also makes another point: that logically—and the view is not held so enthusiastically by high quality producers—the area in which to reinforce recovery must lie in the more popular categories, and in retaining more Swiss-made watch parts for use in exported ready watches.

There is little room for complacency this year, even if the world economy recovers somewhat. Figures released by the *Federation de l'Industrie Horo*grere Suisse for the first three months of 1983 indicate a fall of 9.3 per cent in the value of Swiss exports to SFr 714m com*pared with the comparable* period in 1982.

Within these figures, the export of electronic watches and movements was up 2 per cent in value to SwFr 305m and by SwFr 23.4m in numbers to about 4m. (The unit price of such items fell over the same period from SwFr 93 to 77.)

Mechanical watches suffered severe declines in both value and numbers.

The big merger, as far as is known, will mean for the time being, that both companies will retain their own brands—in Asuag's case Certina, Longines, Rado, Eterna, and latterly the popularly priced "Swatch," which has had a powerful impact on the Swiss market, and in SSIH's Omega and Tissot.

The restructuring and reorganisation, as recommended by Hayek Engineering, which had been studying the case since June 1982, is likely to result in some changes in management (as was the abrupt case with SSIH, which lost 837 jobs since the beginning of 1982) and the number of models for the merged companies is likely to be reduced.

There is little proof needed that from a financial point of view, the contry's two largest watch companies needed a shake-up. SSIH has certainly done better since the injection of aid and supervision from the banks. Its losses in 1981-82 were down to SwFr 34.9m from SwFr 142.4m the year before.

Asuag over the same years turned a profit of SwFr 4m into a loss of SwFr 44m, and the losses for 1982-83 are expected to be greater.

The resulting merger should produce a company with resources of a work force of about 17,500 and turnover of SwFr 2bn to rival Japan's major company K. Hattori-Seiko.

In three areas it is planned to set up holding companies to counter specific weaknesses. The first will carry out the marketing, sales and assembly of finished watches. The second will concentrate on research, production and the sales of unmounted watches. A third subholding will be in charge of the production of machinery for producing watch parts. (In the Asuag group there are already some 20 companies doing this.)

To some extent, this sort of restructuring would reinforce what has already been taking place. For example, Asuag through its Ebauches subsidiary is the main supplier of components and watch movements for the domestic industry and exports. (Ironically, Hong *Kong, a major rival, is an im*port recipient of such parts.)

An interesting exercise has been the marketing of the cheap (between SwFr 39 and SwFr 49 each) "Swatch" in Switzerland since March and in the U.S. with considerable success since December. As a typical tourist gift, it is now second only to the Swiss Army knife and ahead of chocolates.

It is made by the SSIH subsidiary ETA in Grenchen as an attempt to make inroads *through its own fully-designed* and produced model into the end of the market, in which Switzerland is comparatively weak.

In June it *was joined* by the M-watch (sold in the Migros chain of stores and supermarkets). With the "Swatch," it would seem that demand has caused some *surprises* and outstripped supply.

Watchmakers on the higher end of the market, at this, mutter darkly about the much-merited "Swiss made" reputation being used for the sale of cheap watches. But it is just that kind of attitude combined with the conservative view that Swiss quality was sufficient to survive inventions and experiments from other markets which has held back the exploitation of Switzerland's skills and productivity.

In the 1950s, quartz was first used in Swiss time pieces. But the market was left open to the Japanese to develop this "*gag.*" *The same happened* with the electronic units. All the while its scientists and researchers have been working on inventions and improve*ments.*

The quality and potential of the Swiss product is undoubtedly there. But with the world market shrinking this year, it *is a hard time in which to* launch a much-needed and deep-seated reform. But it is necessary if, as one FH official mentioned, if the industry is *to survive.*

For as the FH itself has forecast, "The watchmaking recession has not yet finished". An end to the recession, it went on, could help watch exports, "but in view of the delay, one cannot expect positive growth for 1982, rather at most zero growth".

PROFILE: NESTLÉ

Nestlé restores its purity

THAT epitome of the multinational company, Nestlé, is still in many ways very Swiss. The bulk of its business in more than 50 countries is conducted by the holding company Nestlé S.A., registered in Cham and Vevey: and despite steady decentralisation of marketing and product development, basic research, financial control and technical support remain ensconced on the shores of Lake Geneva.

The new management has *discussed* repatriating Unilac, the smaller holding company, which was set up before World War II under Panamanian registration as a precaution against German violation of Swiss neutrality. Unilac accounts for a dwindling proportion of American interests, but the tax cost of bringing it home is said to be prohibitive.

Its very Swissness seems to suit Nestlé well. Until the baby food controversy broke around its ears, the company had a kind of political and product purity that made it more successful than most multinationals in developing—and holding onto—interests in revolutionary socialist countries. As the baby food row abates, with lesson that Nestlé will not forget in a hurry, the company is again able to present itself as the politically neutral beneficent provider of nutritional products in countries where dirt and disease prevail.

Swiss equity base

Like other Swiss multinationals, Nestlé has a predominantly Swiss equity base. Nearly two-thirds of the 2.9m voting shares are held within the country and are quoted on six local stock exchanges. These so-called registered shares are held by many farmers as well as institutions.

The other third, called bearer shares, are quoted *both in Switzerland* and on the neighbouring exchanges of Paris, Frankfurt, Dusseldorf, Amsterdam and Vienna.

The biggest shareholder, however, happens to be French: Mme Liliane Bettencourt of L'Oréal has about 4 per cent of Nestlé, secured as part of the purchase by Nestlé of a minority stake in the Paris cosmetics company.

Under Swiss law, the par value of shares is SwFr 100, which makes Nestlé's stock "heavy" for the small investor. At the same time, registered shares are reserved for Swiss investors which at times has caused the stock to look undervalued.

To overcome the problem, Nestlé 10 years ago issued non-voting "baby shares" worth a tenth of the voting stock. But the take-up has been poor and banks have been unwilling to deal with the certificates.

Nestlé is therefore abandoning this attempt to widen the spread of its shareholders, relying on a possible change in Swiss law to achieve the same result.

The erstwhile Anglo-Swiss management hegemony is being dissipated—not without complaints from some Swiss shareholders.

Increasingly, too, the managers of Nestle's far-flung subsidiaries are locals, albeit schooled by headquarters at Vevey in the company's own ethos.

CHRISTIAN TYLER

PROFILE: BROWN BOVERI

Recession felt world-wide

BROWN BOVERI is not only Switzerland's biggest engineering company but also a top name in the world market. Even after the recent sale to Alsthom-Atlantique of *its controlling stake* in the French manufacturer Cie. Electro-Mécanique (CEM), the group has annual sales of SwFr 9.7bn ($4.7bn) and a *total of something* like 94,000 employees spread over 140 countries.

At present, however, Brown Boveri is going through rather a hard time. Though consolidated sales—excluding the former CEM business—rose by about 6 per cent in 1982, corresponding new orders dropped by some 12 per cent to SwFr 10.2bn. At the same time although group cash-flow showed a 10 per cent improvement to SwFr 390m after the sharp decline of 1981, net earnings of the parent company have sagged from SwFr 44.3m to only SwFr 27.9m, the lowest level since 1970 and dividend had to be cut from 10 to 6 per cent.

No further deterioration of parent company profits is expected this year and consolidated cash flow should grow more quickly than turnover.

Like many other engineering groups, Brown Boveri has been hit by the worldwide slowdown in capital goods investments. Apart from the dampening effect this has had on demand from industrial customers, the group is suffering from a shortage of new business *from* electricity utilities — particularly in the case of actual power station plant, for which international over-capacities exist in any case.

Over and above this, though, Baden headquarters have had a lot of difficulties with various foreign ventures. In the past two years, these have been particularly marked in the case of its North American operations.

The recession, high interest rates and what are admitted were mistakes on the part of management led to a "significant loss" in 1981 on the part of the New York holding company, BBC Brown Boveri Company, which was in turn responsible for the freeing of SwFr 100m of reserves to meet special depreciation needs. The same reason has led to a SwFr 50m write-off against 1982 losses of foreign subsidiaries.

In the U.S., it was decided to appoint a top manager from outside the organisation, rather than to delegate an executive from Switzerland.

The group management has been taking measures almost across the board to improve its operational economics and adjust to changing market conditions. The most important of these — apart from U.S. reorganisation—has been the divestment of CEM.

In 1977, the French Government had called on Brown Boveri to dispose of this affiliate's successful activities in the sector of generation equipment to Alsthom-Atlantique. Although the Swiss tried to boost the "amputated" company by new operations in the civil engineering and electronics business, through rationalisations and capital injections, CEM continued to lose money.

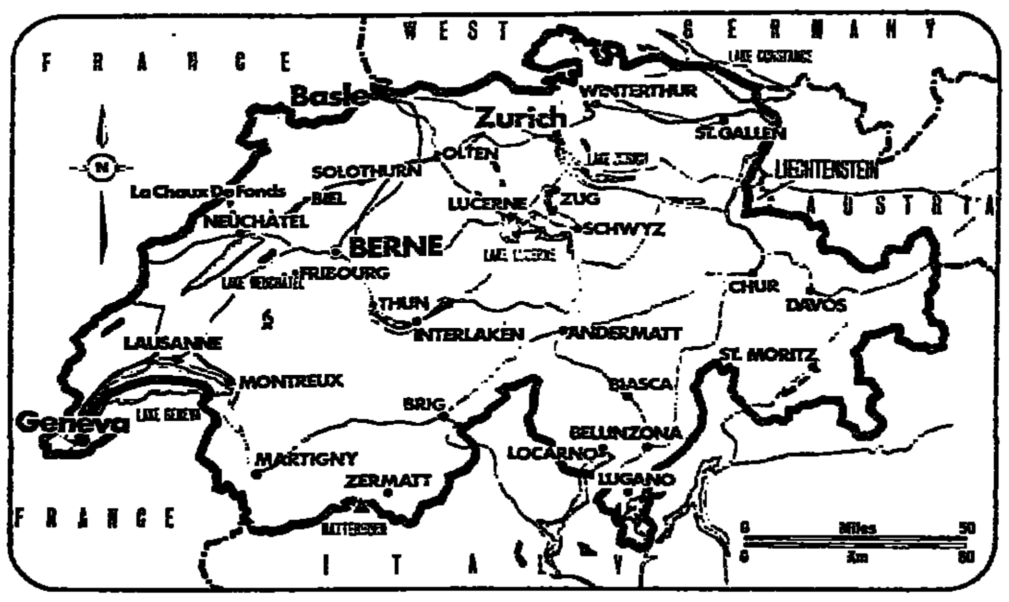
By the end of last December, Brown Boveri decided the situation was hopeless and sold out every*thing except two small-motors* factories to the nationalised concern. A new company now runs these plants, as well as looking after Brown *Boveri's sales on the French* market.

JOHN WICKS

Trend is towards shorter stays

Tourism

ANTHONY McDERMOTT



CONSIDERING the world recession and the strength of the Swiss franc, tourism in Switzerland has held up well. Not surprisingly the record year of 1981 was not matched last year.

M. Jean-Jacques Cevey, president of the Swiss National Tourist Office (ONST) says 1983 will be "as good as last year or slightly better." This statement, made at the beginning of the summer, has been supported by later forecasts based on the first returns of the summer season.

Total tourist expenditure last year reached SwFr 13.9bn, a rise of 6.1 per cent over 1981, but these revised figures are—like most tourist statistics—misleading because they include the expenditure of Swiss nationals abroad and do not differentiate between spending by genuine tourists in Switzerland and by business people. The latter probably accounts for about 20 per cent of all spending.

The spending by the Swiss abroad rose by 10.3 per cent from SwFr 5.26bn in 1981 to SwFr 5.8bn last year. More significant are the figures for tourist spending in Switzerland, which rose marginally over this period from SwFr 7.84bn to SwFr 8.1bn.

Where this hits Switzerland is in the fall in the net balance. Last year it declined by nearly 11 per cent from SwFr 2.58bn to SwFr 2.3bn. M. Cevey is probably right when he calls this "not catastrophic."

Compared with other European countries, Switzerland's tourist industry has remained remarkably stable. The ONST annual report quotes the European Commission of Tourism as citing instances where expenditures in some countries have fallen by as much as 20 per cent. Shortened stays have become the rule.

ONST also points out that nights spent by tourists from Belgium, West Germany, France and the Netherlands, in the summer season of 1980 rose by 20.6 per cent. In the summer of 1982, this had become a fall of 16.8 per cent compared with 1981 which was itself virtually unchanged on the 1980 total.

Winter seasons showed the same pattern, but not so drastically. In the winter season of 1979-80 a rise of 21.9 per cent was recorded. In 1981-82, the fall was 10.9 per cent.

Nevertheless the contribution tourists make is important. The surplus covers more than 40 per cent of Switzerland's trade deficit. It provides something like 15 per cent of export receipts, and at the height of the summer and winter seasons provides employment for about 250,000 people out of a total work force of more than 3m.

Switzerland is, like others, exposed to the pressures of the world economic scene, but it has been more successful than most European countries in coping with them.

The nights tourists spent in Switzerland were down, by 3.3 per cent from a peak of 79.07m in 1981 to 76.5m last year but this figure remained comfortably above the 70m mark which was passed for the first time in 1979.

The number of tourists fell off most noticeably from Switzerland's closest neighbours, West Germany, France, Austria and the Benelux countries. The numbers of tourists from the U.S. and Britain were markedly up. Indeed British loyalty to the Swiss skiing holiday was illustrated fully in the canton

The grandeur of the Alps captured the imagination of Europe as early as the 19th century. Here a 19th-century artist makes fun of the early tourist boom.

of Valais, which boasts such resorts as Zermatt, Saas-Fee, Verbier, and Crans-Montana. British tourists almost doubled in the winter of 1981-82, and this trend was maintained this past winter.

Whether Switzerland will in fact do better this year depends in part on the West recovering from the recession. The indications of the first two months of this year have not been particularly encouraging. Tourist nights were down overall by 3.5 per cent.

The numbers of Swiss nationals holidaying—and they regularly provide more than half the clientele—fell off slightly, but the number of foreigners was down by as much as 7 per cent.

The restrictions imposed by President Mitterrand on the amount of money French tourists can take abroad is bound to have some effect, but less than expected. The French account for 8 per cent of tourist nights spent. When the measures were announced just before Easter there was a touch of hysteria in the response of the western, mainly French speaking part of Switzerland. Some restaurants had brave signs proclaiming that French wines were not being sold. But calmer counsels have prevailed.

As officials freely concede, "ways and means" have been found for getting round these restrictions. Above all, M Mitterrand said during his official visit in April that these measures would be lifted at the end of the year. The tourist authorities await with interest to see whether the French economy will permit that. But they reckon the damage done will, at worst, be slight.

The Swiss tend to claim they have built their tourist industry on limited resources. This is not strictly true, given the remarkable variety of the scenery — you can choose broadly from three categories: the Alps, the lake areas and the main cities — and the diligence of those working for the industry, whether officials, hotel owners or waiters.

Despite the overall importance of the tourism industry to Switzerland, it is hard to talk of a national policy as such. In August 1979 the Government did publish "the Swiss Concept of Tourism" which faithfully adorns the shelves of every regional office. But each canton and region, as it does with other aspects of Swiss life, tailors its policies to meet the particular peculiarities of its visitors and scenery.

Such overall philosophy as there is was outlined by M Cevey at the beginning of June at the annual assembly of the ONST at Maienfeld. He said: "It is suitable to emphasise the essential importance of continuous research into the quality of our touristic offering, and this applies to all categories. It would hardly make sense to bet on cheap tourism without paying constant attention to the demands of quality. . . . We must apply ourselves always to providing an offering which corresponds to the expectations of a clientele which has, whatever its background or potential wealth, chosen to stay in Switzerland because the client has opted for tourism of quality in a welcoming country, rich in the variety of its sites and cultures."

Looking to the future, tourist officials expect that, if the recession continues, stays will be shorter and less will be spent in restaurants. In broader terms they expect the trend towards what is called in ungainly terms "parahotellerie" will continue. This means in effect camping sites and everything else outside hotels and health centres. At present, based on 1982 figures, 44 per cent of tourist nights were spent in hotels, motels, inns and boarding houses and 2 per cent at health centres, 43 per cent of nights were spent in chalets, holiday flats and private houses, 10 per cent in camping sites, and a mere 1 per cent in youth hostels. But it is quality first—albeit at a price—which remains the keyword.

TOURIST NIGHTS

1970	61,430,000
1975	68,230,000
1979	67,325,000
1980	75,282,000
1981	79,072,000
1982	76,498,000

TOURIST SPENDING

	1981	1982
	SwFr(bn)	
Tourists in		
Switzerland	7.84	8.1
Swiss abroad	5.26	5.8
Balance	2.58	2.3

Source: Swiss National Tourist Office

The aliens problem lingers on

Foreign labour

JOHN WICKS

SWITZERLAND HAS traditionally acted as a magnet for immigrants. Long years of neutrality and political stability, together with the country's remarkable post-war boom, have led to a permanently high level of foreigners in the resident population.

At the end of April, some 926,180 aliens were living in Switzerland — excluding seasonal workers, officials of international organisations and families and the total of more than 108,000 workers who cross the border to their Swiss jobs every day. This is equal to 14.5 per cent of the total population, a share exceeded in Europe only by Luxembourg.

The foreign presence in the labour market is considerably larger. Last year there was an average of 711,000 aliens at work in Switzerland (including seasonal and border-crossing employees), or about 23.5 per cent of the labour force. In sectors like the building trades and the hotel and restaurant business the share is much higher.

In the late 1960s and early 1970s foreign-worker policy suddenly became a major political question. The massive need for manpower in a rapidly-expanding economy brought the total foreign population up to 1.08m (17.2 per cent of the whole) in the 1970 census, as compared with under 585,000 in 1960 and little over 285,000 foreigners 10 years earlier.

The root-and-branch motion against "foreign infiltration" by Dr James Schwarzenbach of June 1970, was accepted by no fewer than 46 per cent of the electorate, while at the following year's general elections the xenophobe parties Nationale Aktion and Republican Movement together booked a respectable 7.2 per cent of all votes cast.

That marked the peaking of the anti-foreigner reaction, though, and things have been cooling down ever since. The Government and Parliament were badly shaken by the popularity of the "Schwarzenbach Motion" and the nationalist Right-wing, so took steps to defuse the situation.

The granting of new work permits was cut back very substantially, to well below the natural flow of foreigners back to their own countries, and the tide began to ebb. By 1975 the number of resident aliens had started to show an absolute decline, which was to keep up for five years.

The tight controls on immigration by the Federal Council have succeeded in assuaging most of the public's fears in the past few years. The resultant net repatriation in the mid-Seventies also had the welcome effect of keeping Swiss unemployment levels down very low during the post-1974 recession. Support for the xenophobes' referendum motions fell off considerably, as did their presence in the National Council.

At the same time, foreigners have become much less evident due to the process of integration. With only a few newcomers, the share of aliens with domicile rights — which generally means at the very least five years' residence—has risen to more than three-quarters of the resident foreign population.

Simultaneously, a regular share of around 1 per cent of all foreigners have year for year been taking up Swiss nationality. This means that much less Italian, Spanish or High German are heard than a few years ago.

Integration will now be furthered by a decision of the Swiss Government to grant domicile rights to employed Italians afte five, instead of 10 years of residence, as of the end of 1983. At the same time, dependents will be allowed to follow Italian workers into Switzerland after a work permit holder has been in the country for 12, rather than 15, months.

For all that, resentments are not far from the surface. At the end of last month, the Nationale Aktion announced plans for yet another referendum.

Officially launched last month, and presumably due for the vote in or after 1985, this foresees a number of restrictions on immigration—including the holding of immigration to a level no higher than the preceding year's, a cut in the the number of border-crossing employees and the removal of regulations permitting seasonal workers to gain residence permits after a certain number of years. This could mean a cut in the foreign population of 200,000 or more in 15 years—but the proposals have very little chance of being approved.

The Nationale Aktion notched up a success last June, when it was one of the groups opposing a proposed new aliens law. This legislation, which would have meant some modest improvements in the lot of resident foreigners, was subsequently rejected by a majority of the electorate.

More recently, the xenophone "vigilants' movement" was extremely sucessful in local elections in Geneva—which has a resident foreign share of no less than 30 per cent, or about 33 per cent after inclusion of international organisations' staff and their families. In April, the Nationale Aktion returned to the Zurich cantonal council after a four-year absence.

The Federal Council, Switzerland's coalition Cabinet, remains well aware of incipient dangers. This is particularly so at a time when the alien population has once again risen to its highest level for six years—and this at a time when unemployment and short-time workings have, at least by Swiss standards been unacceptably widespread.

In fact the recession has not passed the foreigners by. The number of foreign residents in employment is 1.8 per cent less than a year ago.

In what is at least a gesture, the Government has decided to release only one-half of the quota for new work permits for the period May 1-October 31 1983.

The other main problem involving foreigners is the so-called "selling up" of Swiss property to outsiders. Since 1961, sales of real estate to foreigners resident outside Switzerland have been subject to official approval. This has made little difference, though, with property worth over SwFr 16.3bn ($7.6bn) changing hands over the following 21 years.

This is no longer quite the emotional issue it has been, however. Business fell off substantially in 1982, the result not least of recession and new tax rules in Federal Germany as the top buyer of Swiss property.

At the same time, the Federal Council has announced that it plans to reduce the number of holiday flats and apartments that can be sold to foreigners by some 20 per cent this year.

A tightening-up of overall restrictions on the massive sale of property should defuse the referendum motion for which the Nationale Aktion has collected the necessary signatures and is keeping on a back-burner. It seems unlikely that the resort areas will swallow everything without complaint, though; almost one-half of all real estate sales in the 1961-81 period were accounted for by the three—and this at a time when resort cantons Grisons, Ticino and Valais.

"Whatever the case, the "Aliens Problem" is hardly a new one for the Swiss. In 1910, the share of foreigners in the resident population was 14.7 per cent — slightly higher than for 1982.

Slow progress in joining the UN

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In a document dated December 1981, there is enshrined the case for membership. The obstacles lie hardly at all with the main political parties, though xenophobic parties and other groups representing the more outlying and conservative members of the Community have campaigned actively against UN membership. The real problem would seem to be one of educating the electorate itself about the ramifications of joining the world organisation.

Among the upper reaches of diplomatic and political circles there is a strong conviction that, whatever the obvious and often debated limitations of the UN, Switzerland would be far better served by being in rather than out. But the final decision lies with the electorate in a referendum.

In short, the electorate has to be educated, albeit slowly. As Mr Willi Ritschard, a long-serving cabinet minister said in a speech in April 1979 in Los Angeles: "Much explanatory work . . . has to come first. The traditional timidity of the Swiss in the face of foreign affairs remains an impediment."

The arguments advanced by supporters of Swiss membership such as the foreign minister, M Pierre Aubert, and the ambassadors to the UN in Geneva, Franz Blankart and Francois-Charles Pictet (since appointed ambassador to London), have now become familiar though not popularly accepted.

They point out that although Switzerland has derived much benefit from membership of most of the specialised agencies, it is excluded from the General Assembly with its increasing influence. Debates there, affecting Swiss interests, take place without Switzerland having a voice.

Observer status in the UN, now enjoyed only by the two Koreas, the Holy See, Monaco, San Marino, and a couple of liberation groups (in particular, it is pointed out in Berne with some disdain, the Palestine Liberation Organisation), is not what it once was.

The idea that Swiss neutrality might somehow be tainted by political debate in the General Assembly has become irrelevant, since discussions in agencies, such as Unctad, of which Switzerland is a member, have become highly politicised.

Blankart, addressing the Geneva Association for the UN on April 26, turned the traditional Swiss argument on its head by saying that "our non-participation at the UN implies . . . a diminution of our independence."

The crux remains the question of Switzerland's "neutrality"—an "armed neutrality" at that. There is concern that UN Security Council resolutions are, in theory mandatory.

This could cause conflicts with Swiss "neutrality."

Supporters of the case for joining the UN tend to cut through the argument by saying that the UN has never so far imposed military sanctions. (It is unlikely ever to so so, and if it did Switzerland would ignore them.)

On the economic front, Switzerland has complied in the past, to some extent, with sanctions against Rhodesia (as it was then) and South Africa. In the future, it would treat each case on its merits as Sweden and Austria have done.

The Foreign Ministry and others may well be ahead of public opinion, but this does not alter the fact that the final decision will be some time coming. This does cause some concern. Why, some people ask, should Switzerland, after all these years of abstention, want to join? Others say that it would be far better to get the referendum over quickly—one way or the other.

The pro-UN camp hopes that delay will give more time for education. It hopes too that in the meantime, the UN will not pass judgments which add to existing prejudices against the organisation. The outcome of the referendum, whenever it comes, is in the balance. As one official said: "We need a couple of years. At present, one third is in favour, one third against, one third does not know."